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West Europe Report

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WEST EUROPE REPORT

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POLITICAL

REPORTS ON LIBERAL PARTY CONGRESS

Lions, Tigers, Tumultuous Applause

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 84 p 10

[Article by Dan Axel and Svend Bie]

[Text] Uffe Ellemann-Jensen wants a change in style. But the new chief lion of the Liberal Party was not the only popular figure at the national party congress, where there was great rejoicing at having government power.

While the tumultuous applause from more than 2000 Liberal Party delegates and guests was still resounding under the smoke-filled concrete ceilings of the meeting rooms in Herning in a unanimous congratulation to Uffe Ellemann-Jensen VU [Liberal Youth] passed out printed flyers bearing a big picture of the new chairman under the heading, "New Lion of the Liberal Party."

There was a lot of planning and thorough preparation behind the homage to Uffe Ellemann. He himself had "fabricated" a speech of thanks that could also be used in the event of a total surprise, i.e. the election of Ivar Hansen.

At a press conference after the election, Ellemann-Jensen admitted that he had placed some parenthetical remarks at strategic points in his speech "in case the unthinkable should occur."

It was also planned to save the big speech of thanks for Henning Christophersen until Saturday evening's party at the congressional building in Herning. However national secretary Kurt Sorensen could not refrain from raking up the past.

Without pulling any punches Kurt Sorensen pointed out that Henning Christophersen had not always been a popular figure in the party. Opinions about Christophersen had changed enormously and things did not get really good before the end of last year, according to Kurt Sorensen.

"Even his harshest critics are now praising him. But I can say that Henning is not the one who has changed. He has always made a big contribution to the

Liberal Party and there is every reason to thank him for it," said Kurt Sorensen, who suggested to the congress that the party treat its politicians better in the future.

The image of Uffe Ellemann-Jensen as the Liberal Party's new lion was somewhat shaken by the new chairman himself when he referred to Poul Hartling's image of a politician as someone sitting on the back of a tiger. The tiger carries him further and further into the jungle, but if he jumps off the tiger will eat him up.

"When more and more people pointed to me, I had to realize that I could not get off. That is why I said that the person named by the congress could not refuse," said Uffe Ellemann-Jensen.

The new chairman was humble concerning those who elected him, the work ahead of him and the Liberal Party heritage. He admitted that the political style for which he is known might be impossible to maintain intact.

"Some jobs require one to be polemical and that is what I have been. But a talent for polemics is not at the top of the list of desirable qualities for a chairman."

The Liberal congress exhibited great joy and satisfaction at the fact that the party is part of a government that has been able to function and even managed to survive an election.

As expected, Education Minister Bertel Haarder and Internal Affairs Minister Britta Schall Hollberg were also nominated to the chairmanship and received a big round of applause when they explained why they did not want to run for the post. After the big round of applause for Ivar Hansen when he gave his predominantly cooperative speech following his defeat, there is much to indicate that the overwhelming majority for Uffe Ellemann-Jensen was more an expression of the desire of the congress to show unity than a reflection of the popularity of those concerned.

After the election Uffe Ellemann-Jensen was asked if he had been elected because he is so "elegant" on the political scene.

"That would be an underestimation of the congress," he replied and immediately heard this comment: "That was an elegant reply."

Schluter Congratulates Ellemann-Jensen

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 84 p 10

[Text] Taormina (RB)--"The government can continue without changes. I have no desire to make changes in the list of cabinet ministers," Prime Minister Poul Schluter said Saturday after the Liberal Party elected Foreign Minister Uffe Ellemann-Jensen as its new chairman.

Prime Minister Poul Schluter said during a visit in Taormina, Sicily, that he wanted to congratulate Foreign Minister Uffe Ellemann-Jensen on the big job of serving as chairman of the Liberal Party.

"I am very sure that the close cooperation in the four-party government will continue when Uffe Ellemann-Jensen is the head of the Liberal Party," said the prime minister.

"And in the long run too I think the new Liberal leader will stress that we cannot return to the old lack of coordination," said Prime Minister Poul Schluter, referring to cooperation problems between Liberals and Conservatives in the past.

Prime Minister Poul Schluter said that it is a big advantage that the government can go on with an unchanged group of ministers.

"After 2 years of experience each minister is now quite familiar with his area of expertise and the government team will keep going," said Prime Minister Poul Schluter.

Liberals Concerned by Government's Security Policy

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 84 p 2

[Article by Dan Axel and Svend Bie]

[Text] A sharply-worded proposed statement aimed at the Social Democrats was softened following pressure from Liberal ministers.

All references to the Social Democrats have been removed from the security policy statement the Liberal congress approved by a big majority today. But the party's new chairman--who is also the nation's foreign minister--cannot avoid a sharp debate.

"I will not predict how sharp the debate will be until I hear Uffe Ellemann-Jensen's speech to the congress on Sunday morning," former Foreign Minister Ove Guldberg told BERLINGSKE TIDENDE.

Guldberg proposed a statement directly attacking the Social Democrats for "leading the voters astray on Denmark's security policy."

The proposal, which was formed as a warning to the Social Democrats, led to a lot of discussion among top Liberals last night when the new national chairman assembled all his ministerial colleagues to "find a sensible solution that will not provoke the Social Democrats more than is absolutely necessary."

Several sources have told BERLINGSKE TIDENDE that an amended proposal submitted by the Copenhagen County Liberal branch, in which all references to

the Social Democrats have been deleted, will be accepted by leading Liberals, including Uffe Ellemann-Jensen who will come under fire himself when the Social Democrats make their heralded initiative in the area of security policy.

Instead of saying that the "Liberal leadership should use its authority against the Social Democrats," the new proposal reads:

"The national congress wants to make it clear that the Liberal Party wants to stop the slow erosion of our cooperation with western Europe and the United States and that a broad agreement on Denmark's foreign, security and defense policies can be restored only on the basis of a clear recognition of Denmark's solidarity with the western world and its loyal membership in EC and NATO."

"This wording is second best, but even so it is a serious warning that does not bind the Folketing group. I just hope this united statement will create concern among Liberals who want to demonstrate that we are on the edge of what we can tolerate when it comes to defeats in the security policy area," Ove Guldberg concluded.

Liberals Living on Economic Volcano

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 84 p 10

[Text] The Liberals are economically dependent on voluntary contributions. It is better to be a member of the Social Democratic Party than not to belong to a party at all, in the view of the secretary of the Liberal Party.

The Liberal Party is living on a volcano from a purely economic point of view, in the opinion of the party's strong secretary, Kurt Sorensen.

At the party congress yesterday he called the economic background of the Liberal Party uncertain because income from voluntary contributions is the biggest source of money for the party.

"Our income can fluctuate by 1 or 2 million kroner a year for this reason.

"The debate on party contributions has not made it easier to collect money," said Kurt Sorensen, but he was glad that the "volcano has not yet erupted."

With 87,000 members the Liberal Party has the highest organizational percentage in this country. But in recent years the party has lost 2400 members and party secretary Kurt Sorensen stressed that not only the Liberal Party but Danish democracy as a whole needs more party members.

"I would also urge voters for other parties to become members of their party. Better to join the Social Democrats than not to join any party at all," Kurt Sorensen said at the congress.

Severinsen Still Deputy Chairman

While the chairmanship election was contested for the first time in 35 years, the present deputy chairman of the Liberal Party, Hanne Severinsen, was el-Saturday by a show of hands.

The chairman of the congress, Social Affairs Minister Elsebeth Kock-Petersen, needed only 30 seconds to determine that no one wanted to run against Hanne Severinsen, who was unanimously elected another 30 seconds later.

It was somewhat more surprising that the Liberal Party's former member of the EC Parliament, Niels Jorgen Haagerup, was elected to the party's executive committee, the third man out of seven, coming in ahead of Radio Council deputy chairman Dr Jorgen Kleener, among others.

Peter Holst of Rodding, Gerda Malloe of Varde and Soren Jensen of Aalborg, as well as Kleener, were re-elected to the committee.

The other newly-elected members, in addition to Haagerup, were Dr Jorgen Winther of Randers and Anders M. Jensen of Jelling.

Alternates elected were the director of the Craftsmen's Council, Laue Traberg Smidt and former Liberal labor policy spokesman Hans Jorgen Holm.

The reason for the big turnover on the Liberal Party executive committee is that both Energy Minister Knud Enggaard and Internal Affairs Minister Britta Schall Holberg had to resign because they have become members of Folketing.

Profile of Well-Equipped Chairman

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 84 p 11

[Article by Knud Larsen]

[Text] Quick-witted and known for his swift responses. Those are the things one associates with Foreign Minister Uffe Ellemann-Jensen.

That is quite appropriate, for that is the way he really is. But i* should be added that he is unusually industrious, knows his issues and inows his systems. He won respect in the Foreign Ministry because he settled into the ministerial post quickly and surely. He can play on the "apparatus" and get it to go along with him. The polished floors and the many official functions are only the external facade of the daily life of the foreign minister. Most of his time is spent on tedious work concerning building up policies and conducting negotiations. There is not much facade involved but it calls for an overall view and decisiveness. And it calls for physical stamina, because every foreign minister must be ready, often at short notice, to participate in frequent meetings and the travel time getting to them can be longer than the meetings themselves.

Before he even began his political career—which got off to a late start—he had united the two sides of his personality in his work. As a newspaper journalist and well—known TV figure he was a knowledgeable interviewer or commentator. He used his knowledge as the basis for the rapid questions or the quickly—penned commentary. He was effective as a reporter, sharp as an interviewer, perhaps a little ruthless toward reluctant or unwilling interview subjects. And he was also able to explain economic matters in a way that made figures and tables come alive.

When the Liberal Party hand-picked him for political work in the first place he had been editor in chief of the newspaper BORSEN for a short time, a period that was reportedly unpleasant for all concerned. He obtained management experience—for better or for worse—but he had to start from scratch in politics when he plunged at short notice into his first election campaign as a Folketing candidate in Arhus County.

The election campaign was an unqualified success. Not just because he won a seat in Folketing in an election in which the Liberal Party had to give up all the gains it made in the 1975 election, but also because he won a secure position in his district.

A year went by. Then he became the party's political spokesman. Four years went by. Then he became the country's foreign minister. As far as rapidity goes this career has hardly been surpassed in Danish politics.

It is said of Uffe Ellemann-Jensen that he was a good political spokesman but that he brought too much of the political fireworks from that position along with him when he joined the government. It is certainly a fact that he has been very provocative to politicians like Karl Hjortnaes and Ivar Norgaard. They have pursued him with savage belligerence where he could be purshed. In the halls of parliament, but especially on the EC Committee—one of Folketing's power centers.

They have challenged him and it is hard for him to resist a challenge. He fights with the weapons selected by his opponent. In the case of Hjortnaes and Norgaard he was lucky that the weapons were found in an arsenal that is well-stocked where he is concerned. This is the arsenal of quick retorts and in view of the fact that many people consider the post of foreign minister a serious and dignified one it has not been one of his better traits that he has given as good as he got when he had a chance to do so.

But we must not overlook the fact that at the same time he has good relations with other more powerful people in the Social Democratic group. He knows Svend Auken from an endless number of voter meetings and he knows him so well that both men have become aware of the other's merits. During his time as spokesman he was one of the Liberal politicians who worked hardest for closer relations between the Liberals and the Social Democrats and it was not just because the two parties formed a government together in 1978. He is very good at the art of cooperating. But he cannot stand being stepped on.

It can only be an experiment that the Liberals have now elected him chairman. Another unusual leap, for not everyone is fated to head a party after only 7 years of membership. But this is not an emergency solution. The process that took place before the election was extended and therefore selective as well. He was chosen by a party that has many eligible people. This is not a position one obtains just because one is well-known and is good at polemics. Uffe Ellemann-Jensen was strong enough to stay the course in a competition in which the decisive points were not scored in the many away games but on the Liberals' home field.

It has been noticeable recently that he has restrained himself. He now occupies a position where all restraints will be needed in order to keep things on the right course. Both his own—and the party's.

New Leader

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 84 p 14

[Editorial: "New Leader"]

[Text] When he was chairman of the Liberal Party Poul Hartling found out that it was difficult to lead his party when he was foreign minister. But he managed to get the Liberal Party in such a position that he became prime minister.

Henning Christophersen had the same experience when he was foreign minister but he was able to stand out for several years as the future prime minister. But when it came to that point the party was unable to secure him the post as head of the government.

As of today Uffe Ellemann-Jensen is both the chairman of the Liberal Party and foreign minister. There is no doubt that he is aware of the lessons his two immediate predecessors as party leader have learned on behalf of the party. But things could be even more difficult for him than for Hartling and Christophersen. The former became prime minister, the latter was a candidate who came close to occupying that post. Will Ellemann-Jensen ever become prime minister, will he ever even become a candidate for that office?

The Liberal Party's choice of Ellemann-Jensen can be viewed as a natural consequence of the two previous chairmanship elections. But no one in the party or among the general public can doubt that his election is more the result of the deficiencies of others than of his own personal qualifications. He is in possession of a number of the characteristics that qualify a person to be the leader of a party. His career bears witness to his brains, his determination and his talents. His political activity has shown signs of intelligence and imagination. But from his first appearance in Folketing up to his efforts in recent years as foreign minister he has been, intentionally or not, the frequent center of clashes that cannot simply be blamed on others. The challenge he has often personified can be a strength for a party leader but it can be a drawback in concrete situations.

The new party chairman is taking over the leadership under circumstances that make it difficult. The problems are not just associated with the practical difficulties that are connected with being foreign minister while at the same time being involved as a principal in everyday domestic matters. It has probably just as much to do with the fact that the Liberals are tied to a government coalition with three other parties that will be maintained for quite a long time to come and that imposes limitations on the freedom of action of participating parties. Consideration for the coalition must come before consideration for individual parties. It would be impertinent to doubt the new party leader's loyalty to the coalition and he is scarcely in any doubt as to what this means on the daily level for his contribution as leader of the Liberal Party.

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POLITICAL FINLAND

CP MODERATE, STALINIST REFLECT GROWING BITTERNESS OF RIFT

Rotterdam NRC HANDELSBLAD in Dutch 14, 15 Sep 84

[Article by Peter Michielsen: "Finnish CP Headed for Historic Confrontation; Rift Within Finnish CP Can Be Averted Only with Extra Congress"]

[14 Sep 84 p 5]

[Text] There is a time bomb under the Finnish Communist Party [SKP], which has always been an important party in Finnish politics, but nobody in Helsinki would dare state with certainty whether the bomb will explode and whether after 18 years of internal quarreling the party will really fall apart now. One thing is certain: the switches have been set and the chance that the rift would be repaired without a substantial loss of face for one of the two wings is minimal.

The quarrel within the SKP is chronic and debilitating and would not be news if a climax had not been reached at the 20th party congress in May of this year which is supposed to have set the bomb. In 1966 an SKP congress took place during which the old Stalinist Aimo Aaltonen had to make way as party chief for the more moderate Aarne Saarinen. A minority within the party did not accept this and from that time dates the division between the Stalinist minority and the more moderate — later labeled Eurocommunist — majority. The formation of factions, which occurred especially around the choice of people in leadership positions, was clinched later on by profound disagreements on political issues; the Soviet invasion of Czechoslovakia in 1968 especially served as major watershed in this regard.

The SKP has never been able — especially because of Russian pressure — to afford a formal rift. Moscow took the side of the pro-Russian minority, but felt that Finland was too important to allow the substantial communist influence to be weakened by a rift in the SKP. And thus the two quarreling wings worked out an arrangement whereby the seats in the Central Committee, the Politburo, the parliamentary party and the like were divided according to the distribution key of their assumed support: 60 percent for the majority and 40 percent for the minority. Each wing had its own newspaper: KANSAN UUTISET for the majority, TIEDONANTAJA for the minority.

It would probably have remained as a curiosity in the international communist movement if the voting public itself had not begun to move. Kalevi Suomela, one of the leaders of the Finnish People's Democratic League [SKDL] which serves as a mass organization and in which the SKP majority dominates completely, said: "The supporters of the majority began to run away to the social democrats. People were tired of the quarreling and at the congress in May the majority was forced to adopt a new strategy: the fight had to come to an end before the whole party went to pieces, and not only the party but also the SKDL."

"It was now or never. If party discipline had not been enforced now, then at the next congress the minority would have had the majority and it would have led to a rift between the SKP and the SKDL."

An important demand from the majority was the departure of party leader Kajanoja, who was once chosen as a compromise between the two wings but had increasingly become the representative of a "third way." In addition, the minority had to give up its newspaper TIEDONANTAJA; it was to be replaced by a new discussion newspaper, ironically enough called YHTEISTYO (Cooperation).

Jaakko Laakso is a young, fanatical, political commentator for TIEDONANTAJA and one of the most brilliant polemicists and journalists in Finland. "The congress was a total failure. We were thrown out. It has been said that we ran away. Nonsense. As usual, we were offered a number of seats in the Central Committee (15 out of 50) and in the Politburo (3 out of 11), but only on the condition that we accept the majority leader, Arvo Aalto, as new party leader and Aarno Aitamurto as new secretary general. That was blackmail because we couldn't do that and we had said so beforehand."

And thus the rift, at least de facto, became a fact: the minority ran away, disappeared from the new Central Committee and the Politburo, and later was also cleaned out of all important party sections.

Esko Vainionpaa, member of the new Politburo, commented: "The minority had been warned: we could not go on like that. We didn't want to throw them out. They insisted on keeping Kajanoja and his group, and we could not accept that." Laakso: "What is tragic is that the congress revolved around people -- Aalto, Aitamurto -- and not around issues, because we have always said that we agreed with the political line of the congress."

As with everything in Finnish politics, the Soviet Union is also playing a background role in this communist conflict. Prior to the congress PRAVDA had written a great deal about it and had made it clear where Moscow's preference lay: no cooperation with bourgeois parties (as Aalto wanted), in favor of the reelection of Kajanoja, and against a rift.

The Soviet delegation was not present for the deciding vote (which was won by the majority with 183 votes against 163). The next day, PRAVDA published only a short 10 line report on what happened, signed by two correspondents if you please. The name of the new party leader Aalto was not mentioned, and the fact that Kajanoja and the minority had disappeared from the Central Committee

and from the Politburo also remained unmentioned. The only thing that was noted was that "the difficulties which the SKP has experienced in recent years were reflected in the documents which were adopted and in the elections for the administrative bodies."

Laakso said: "That rankles the majority, of course. Relations with Moscow have frozen up. Aalto has still not met with any Soviet representatives. But that shouldn't surprise anybody. After all, the SKDL is the only major Finnish party without relations with Moscow. Why? Because the only anti-Soviet noises heard in Finland are coming from the SKDL. The SKDL suppresses the communists and is very much in the process of becoming a socialist party. And we are very nervous about that."

[15 Sep 84 p 5]

[Text] Helsinki, 15 September -- It is the opinion of both party wings that the de facto rift between the Stalinist minority and the Eurocommunist majority in the Finnish Communist Party, which has existed since the party congress in May, can only be healed if the other group backs down. There is one possibility left to bridge the gap: a special party congress. The only alternative is a formal break.

After the May congress, at which the Stalinists were pushed out of the party leadership, the minority requested an extra congress. The minority dominates 8 of the 17 party districts and 6 districts already have the right to demand such a special congress. According to the statutes, the demand must be submitted to the Politburo, which has to make the decision.

Unity Congress

Jaakko Laakso, a prominent representative of the minority, said: "The extra congress must be a unity congress. It must turn back the controversial decisions made in May, dissolve parallel organizations which were set up by the majority, and reverse the dismissal of minority officials. There should also be a new party leadership which represents the whole party and not half of it." In other words: party President Aalto and party Secretary Aitamurto, who were elected in May, have to disappear.

Laakso is not so sure yet that there will be a special congress: "There are hardliners from the right who are moving toward a total break and who are afraid of a congress because it could restore the old pre-May situation — which is indeed our goal. We as a minority do not want a break. A break is wanted by those who want to weaken the influence of the communist party."

Moving Force

According to Laakso, Aalto is the moving force behind "the hardliners from the right." "For the first time in the history of the party, the minority and the majority are presenting separate lists for the municipal council elections in October — which is the best recipe for a break, a formalization of the break. And that is being encouraged by Aalto." A reproach which is angrily rejected

by the majority, because according to the majority the idea of separate lists came from the minority.

According to majority spokesman Kalevi Suomela of the overarching SKDL and Esko Vainionpaa, a member of the SKP-Politburo, there is no question of reversing the May decisions. Vainionpaa said: "The rules provide for a special congress at the request of at least six districts. But they also determine that a special congress can never deal with issues which were taken up at an ordinary congress. Hence, it is far from certain that such a congress will take place; the Politburo will decide in October."

Suomela: "There will be a congress only if the minority promises to respect party rules and party discipline. It is the minority which violates the rules, ever since 1969. With the extra congress they are not interested in issues either, but rather in personalities. Aalto and Aitamurto have become symbols. Will the minority be able to swallow them? In this party everything is possible. A great deal depends on the Soviet Union."

Vainionpaa: "The minority must realize that there is no turning back. Our members are fed up with the division. Perhaps it will come to a break, but it is also possible that they will withdraw their demand when they see that they will not get their way. If they do that, then they will have to wait until the next congress in 1987. If they split off they will have little chance as an independent party. One hundred thousand votes, one or two seats in parliament, that is all there is in it."

Cheerful

He said it cheerfully, Esko Vainionpaa. And Suomela also talks about a possible "deliverance from the burden of the Stalinist minority" which would provide the majority with respectability and an influx of old and new voters. But observers such as Veikko Vennamo, the astute leader of the Farmers Party, are not so sure: "Respectability? In theory perhaps. In practice, the majority will disappear as a separate party and be absorbed by the social democrats. Ideologically speaking, the difference between those two is only a matter of degree."

The majority, which has all the power in the party today and which will have to decide whether there will be a special congress, and if so under what conditions, is facing a difficult dilemma: to break away from the old situation because their supporters no longer want to put up with it, or to make a leap into electoral darkness. For the time being they are sticking to the . st alternative. Suomela: "The party will go under if no stable policy is conducted, if one day decisions turn out one way and another way the next, and if one group shouts this and the other group that. TIEDONANTAJA cannot exist at all politically speaking. Numerous members of the minority are nice people, but they have to stop now; no party can tolerate this. The Finnish working class does not want to have anything to do with them, their political values and methods and goals. This is a different culture, a Nordic culture, with institutions the Finnish socialists swear by. That is not a Vatican. The minority has a different culture and we don't want it."

Who knows, this time the answer may once again lie in Moscow. Last week, for the first time since May, PRAVDA once again devoted a small article to the Finnish communists. The message was clear: the Finnish comrades should hold their special unity congress and there should be no break.

8463

CSO: 3614/131

SUCCESS, FAILURE OF MITTERRAND AFRICAN NEGOTIATIONS ANALYZED

Zurich NEUE ZUERCHER ZEITUNG in German 5 Sep 84 p 3

[Article: "Mitterrand's Secret Maghrebian Diplomacy. Western Sahara and Chad in Crisis"]

[Text] (CH.M.) Paris, 3 Sep--Up to now the sole ascertainable result of President Mitterrand's secret Maghrebian diplomacy with King Hasan of Morocco has been to exacerbate France's relations with Algeria. In other respects the motives for the two surprise meetings at Ifrane between the sharif and the French head of state have remained obscure. There has been speculation about King Hasan's role as an arbitrator in dealings with his "union partner" Qadhdhafi regarding the presence of French troops in Chad. But because of the conflict over the Western Sahara, there are also indications that Paris is acutely concerned about a Moroccan-Algerian confrontation involving Mauritania as well.

Algerian Accusations

The type designation, Mystere (mystery), of the aircraft which twice brought President Mitterrand to Morocco for unexpected secret meetings with King Hasan is indicative of the style of France's hectic summit diplomacy which developed suddenly following the announcement of the rather scurrilous Moroccan-Libyan union. This diplomacy also included visits by Foreign Minister Cheysson in Algeria and Tunisia (where he also met with PLO leader 'Arafat) and an inspection tour by Minister of Defense Hernu in Chad accompanied by Mitterrand's personal chief of staff, General Saulnier, and the commander of the Force d'action rapide (rapid deployment force), General Forray. The official word regarding the closeness of these visits to Mitterrand's "strictly private" visit to Morocco, however, is that they are purely coincidental. Since there has been no lifting of the veil of secrecy since Mitterrand's return to France, all speculation remains just that. Even LE MONDE was groping in the dark when it asked whether a great diplomatic coup was in the offing or whether the strict secrecy already implied a lack of success.

After France's charge d'affaires in Algeria was quoted in the Foreign Ministry there, the Algerian press has made rather strong accusations against France. Algeria, which in 1983 concluded on "agreement on friendship and harmony" with

Tunisia and Mauritania, finds itself caught in a vice because of the rapprochement established at Oujda between Morocco and Libya. France, on the other hand, which if possible does not want to become further involved in the Western Sahara conflict, could now be faced with just such a development. On the day of the Oujda meeting Mitterrand's African advisor Penne, in the Mauritanian capital of Nouakchott, reinforced France's backing of Mauritania which for some time had been expressed in the form of discreet military support. Mauritania has recognized the Algerian-backed imaginary Polisario Republic and therefore, following King Hasan's surprising union with Colonel Qadhdhafi, could be the object of increased pressure from Morocco. In Tunis Foreign Minister Cheysson expressed France's reservations about the unexpected alliance between Libya and Morocco by explaining that this meeting disturbed some of France's very close allies and was thus a cause of concern to the government in Paris. In the same breath he expressed regret that such differences of opinion interfere with the "progress toward unity in the Maghreb." Otherwise there has been no public criticism by France.

Speculation on Chad Meeting

On the other hand, a damper has been placed on speculation about Morocco's promotion of an imminent compromise in Chad between Paris and Tripoli by both Qadhdhafi and Minister of Defense Hernu. In Ndjamena in President Habre's absence (like Algeria's head of state, Chadli Benjedid, Habre was on a pilgrimage to Mecca), Hernu, like Cheysson in Tunis, repeated France's willingness to withdraw its own troops immediately following the end of Libyan intervention. At the same time, however, it seemed to Hernu that the time for the much hoped for diplomatic solution had not yet arrived. Qadhdhafi for his part again attacked France's "neocolonialism," for which he predicted an even greater defeat than that at Dien Bien Phu, in such a manner that together with his additional promises of increased aid to Goukouni's disintegrating civil war front in Chad, it would require Machiavellian optimism to see any sign of a dove of peace in the desert heat. And while since the beginning of May the Libyan head of state has indicated his willingness in principle to withdraw his troops from Chad, at the same time the story has been circulating that only the details of a French-Libyan agreement on Chad need to be worked out, whereby King Hasan would play the decisive role of arbitrator. Mitterrand's visit to Morocco was carefully prepared by the elder statesmen at the Elysee, Dumas, Attali and François de Grossouvre. The latter, who has up to now been concerned primarily with Lebanon, is even reported to have been seen in Libya recently.

Overshadowed by Mitterrand's own side trips to the Maghreb, Foreign Minister Cheysson met with PLO leader 'Arafat who had earlier returned prematurely to Tunis. 'Arafat gave him a written message for the French President. "Simple misunderstandings" of one and a half months ago when the Palestinians accused France of speaking with a forked tongue regarding its Near East policies have now been cleared up.

12552

CSO: 3620/455

POLITICAL

PAPANDREOU'S CONDITIONAL PARTICIPATION IN NATO MEETING DRAWS FIRE

Athens I KATHIMERINI in Greek 8 Sep 84 p 1

[Excerpt] Diplomatic circles were astonished by yesterday's announcement by Alternate Minister of National Defense And. Drosogiannis that "the reason Prime Minister Papandreou decided to participate in the meeting of NATO defense ministers (in his capacity as minister of national defense) is that the meeting will be presided over by the new NATO secretary general, Lord Carrington, who replaced, as is known, Josef Luns."

The notion that Greece's representation on a ministerial level at NATO ministerial meetings depends on who is the Alliance's secretary general at the time was characterized as rather arrogant by a diplomatic source yesterday. Such an approach degrades the meaning of the Alliance, whose secretary general is simply the expressor of the political will of the 16 governments of the Western world, the same source noted.

It is well-known, of course, that Prime Minister Papandreou's relations with the former NATO secretary general had been aggravated because of the pronuclear positions adopted as a rule by Josef Luns; it is also widely-known that the Greek diplomatic delegation at NATO supported Lord Carrington's candidacy from the very beginning.

Consequently, there really were serious reasons differentiating the Greek Government's position vis-a-vis the two specific individuals. Even so, the strange thing is that these reasons comprise the subject of a government announcement, whose apologetic tone to the left is rather clear.

The issue of Prime Minister Papandreou's presence at NATO ministerial meetings is broader. As well-informed circles maintain, Papandreou had decided after the meeting last December not to participate in the future in meetings of the NATO defense ministers. For this reason, Deputy Minister of Defense Drosogiannis was promoted to alternate minister.

The reason was that, because of the existing Greek-Turkish differences, the prime minister of Greece--and then president of the European Council--was not confronting and talking with his Turkish colleague, but with a person who simply had the office of minister of defense, the same circles noted.

Therefore, Papandreou will be present at the December meeting solely to honor the new NATO secretary general. Nevertheless, the national expediency of the Greek prime minister's presence at the Atlantic Alliance headquarters would have been better served without yesterday's government announcement, authoritative observers maintain.

9427

CSO: 3521/346

POLITICAL

PAPANDREOU REPORTEDLY ENVISIONS 'TWO-PHASE' ELECTORAL SYSTEM

Athens ENA in Greek 23 Aug 84 p 10

[Text] Papandreou's "offer" to support Karamanlis in a renewal of his presidential term did not force the president of the republic to "show his cards" at the first meeting the two men had on 17 July. The prime minister is going into their second meeting, on 28 to 31 August, determined to clarify the president's intentions by playing his trump card: the electoral law.

The electoral system which the prime minister reportedly brought from Kerkyra-more precisely, he took it and brought it again--is nothing but the so-called "two-phase" system in which 200 seats are distributed (in three allocations) to all the parties participating in the elections, or to those collecting a predetermined percentage of votes throughout Greece, and 100 seats are allocated to the first two parties, with 70 seats going to the first and 30 to the second.

The "secret" of this system is that it would allow PASOK to maintain the initiative for moves in view of the presidential election if parliamentary elections occur, for whatever reason, before the election for president of the republic.

How this happens is a bit complicated. The government itself has stated that the outcome of the Euroelections—if it were valid for parliamentary elections, with the reinforced proportional system—would give it 153 seats, versus the 135 seats it would give New Democracy. Such a force, before the presidential election, would make ND the real regulator of the situation since the total force of all the other parties would fall short of the 180 votes which is the minimum majority with which the president of the republic is elected. In other words, with its position ND could cause even the Chamber's dissolution since the election of a president would be impossible.

With the Euroelections percentage, but with the "two-phase" system, New Democracy is reduced from 135 seats to 106 seats (if the proportional allocation of the 200 seats were implemented perfectly). With the "two-phase" system, if it remains in second place, ND cannot overtake the "safety limit" of 120 seats except by receiving an amount tending to reach 45 percent (90 seats from the first phase and 30 seats from the second).

This system has another "secret," however; it not only would cut ND downwards if it comes out second in early elections, it also would reduce its parliamentary force—in comparison with the reinforced proportional system—if it were to win the elections. The critical number of 180 deputies presumes a majority of 52 to 55 percent.

This means that, with the present correlation of forces, ND is unable to aim at electing a president of its exclusive preference. In contrast, PASOK, with the cooperation of the "other democratic forces," can hope to secure the majority of 180 deputies required for the election. So the promoting of the "two-phase" system is most clearly a warning shot to the presidential mansion.

If Karamanlis continues to hide his intentions as regards April, the PASOK will chart its course with a goal of electing a president jointly preferred by the parties of the Left. And simultaneous with ND's parliamentary shrinkage, it will exclude any connection of the elections with a new candidacy of Karamanlis.

In other words, the "two-phase" system demonstrates a political conception which directly involves in the political game the process of electing a president who would have to stay far away from the area of party considerations.

It appears that the prime minister found in this system a way of getting past his anguish about early elections, knowing that even if ND wins them, they will only be "preliminary" since they are followed by the election of a president whom the Right is unable to promote.

It appears that similar "accommodations" are secured on PASOK's behalf by certain "finishing points" of this strange electoral system as concerns PASOK's relations with KKE and KKE (Int). The critical choice in this case for PASOK is whether it will impose a limit for the parties' participation in the allocation of the 200 seats. Andreas Papandreou himself had said at an unguarded moment that "some limit should be imposed." What will it be? In any case, not 5 percent, which would insure KKE's absolute rule in the Chamber's communist area but would displease KKE (Int) because it is very doubtful it could exceed this limit. Three percent, which would give both parties hopes that they will each achieve their goals, seems more probable.

In the final analysis, this system, which serves "delicate balances," may not be the system with which the Greek people will be called to elect the best possible Chamber of Deputies, but at the moment it is for PASOK that system which apparently serves its interests best. And no one doubts that Andreas Papandreou will recommend it to the Chamber if, during his new meeting with the president of the republic, an agreement is not concluded for "routing" political developments with open cards by both political leaders.

9247

CSO: 3521/346

POLITICAL GREECE

PASOK LEFT WING REPORTEDLY DISSATISFIED WITH SITUATION

Athens ENA in Greek 23 Aug 84 p 12

[Text] Cracks in PASOK's party and trade-union cohesion have been strongly appearing recently because of the delay noted by its so-called "left wing" in implementing a series of institutional government measures which were enacted but have not been enforced yet.

These measures concern the work place and had been fundamental promises of PASOK. Today, reservation about their advisability and productivity is being expressed.

These are measures for nationalizing the public sector, reorganizing problematic enterprises and forming supervisory councils which had been boosted, probably excessively, by PASOK. The "left wing" maintains that the government—perhaps because it has changed choices and priorities, or perhaps because it is being pressured by the capitalists and has "conformed" to their opinions—on one hand is not showing any zeal about implementing the institutional measures; on the other hand, this implementation, to the degree and extent it is occurring, is being undermined by the system. By the "system," they mean not only the state (service) machinery but also the Council of State, in which are pending industrialists' appeals against government decisions about nationalizations, problematic enterprises and supervisory councils.

As proof about the role of the Supreme Administrative Court, this wing cites the case of the framework-law on higher education, which was "castrated" by the well-known Council of State decision and was judged anticonstitutional on certain of its basic provisions.

Moreover, it says that the appeals to the Council of State concern a contestation of the constitutionality of the institutional government measures, and it warns the government that the appropriate Council of State organs have already formed opinions which oppose government policy; in other words, they consider the laws on nationalizations and supervisory councils anticonstitutional.

If such a thing really ahppens, the political blow for the government will be especially serious, whether or not certain government circles turn to the Council of State decisions to press the case for change in the government line on economics and to find arguments to support this reorientation.

At the same time this wing, which had made its presence acutely felt on precisely the same issues at the PASOK congress, maintains that the government goes from timidity to procrastination in implementing the institutional government measures; and it cites the law on nationalizations which has not yet been enforced, thus revealing the government as inconsistent and hesitant.

Characteristically, it had been noted in the PASOK congress that the delay in implementing the nationalizations (Editor's note: provided by the first three articles in the related law) has created the impression that the law was enacted essentially only to pass the well-known Article Four on the right to strike. As is known, this article was put into force immediately, in contrast to the other articles for which there were time limits which have already been broken and extended.

These shots are aimed directly against Ger. Arsenis, but also the party leader-ship (Gennimatas, etc.), who had favored the nationalizations and had supported politically the advisability of Article Four.

PASOK's "left wing," which is strongly represented in the party's Central Committee, also touches on the issue of the procedure for reorganizing problematic enterprises, maintaining that the method followed for two "eponymous" problematic enterprises (Skalistiris and Fix) enabled their owners to appeal to the Council of State, and now there is a threat they will be vindicated. They express the same fear as concerns the supervisory councils, letting it be understood that there are constitutional problems which the Ministry of National Economy did not take care to note in time and to solve; as a result, a presidential decree on implementing the related law has been signed and it may provide the formal excuse for characterizing the entire institutional measure as anticonstitutional. The Council of State, which worked out the decree, avoided—deliberately, they accuse—taking a position on its constitutionality on the grounds that the litigations of individuals will be settled in turn.

The government and the party machinery which obeys Kastri are confronting the "leftist" criticism with hostility and are threatening those who express objections and reservations about the policy being followed with disciplinary measures.

It was said characteristically by an official from the "left wing" that the "ideologic terrorism has reached such a point that invoking PASOK's 3 September proclamation and the government program which refer to PASOK's strategic goals and the now conditional institutional changes in the economy and labor relations has begun to be a breach of discipline and reason for referral to the Disciplinary Council."

9247

CSO: 3521/346

POLITICAL

FORMER COMMUNIST PARTY CHAIRMAN LARSEN'S MEMOIRS REVIEWED

Oslo KLASSEKAMPEN in Norwegian 25 Sep 84 p 2

[Review by Roald Helgheim of book "I gode og onde dager" [In Good and Evil Days] by Reidar T. Larsen, Cappelen, Oslo, 1984, 283 pages]

[Text] Reidar T. Larsen came out today with the second part of his political autobiography, "I gode og onde dager" [In Good and Evil Days]. The book is a defense of NKP [Norwegian Communist Party] policy from the time just before the war until 1960. The book contains something new from the internal party discussions, especially in 1949 and 1956, but the author produces little political originality. In a book of 280 pages Reidar T. Larsen has written one full page about Berge Furre. It says that Berge Furre was a disaster for SV [Socialist-Left Party], and immediately the author is a media hero. The rest of the book is uninteresting. For that matter it is completely unimportant whether Furre really was a disaster But the action provides the fodder of the idea for political editors on and outside of Marienlyst. It gives them an issue on which they can cook their political soup on an otherwise gray weekday. But soon it is all forgotten.

This is not meant as a defense either for Berge Furre or Reidar T. Larsen. It is a basic characteristic of the political journalist's misery.

So Reidar T. Larsen, longtime chairman of NKP, has written his second memoirs, "I gode og onde dager." It deals mostly with his physical and political development from 1923 to 1960, while the first, "Styrt fra Moskva?" [Controlled by Moscow?] (1980) deals with the period following. The clash with Berge Furre comes at the end of the book. Furre used his time as chairman to make SV over into the old SF [Socialist People's Party] by removing non-SF members from the party. But primarily he is responsible for converting SV to a party for the middle class and for saying farewell to the working class, ideologically and in practical politics. After having read the book we understand better why Larsen scorns "that ideological crow's nest" as he calls it.

The Working Class

Reidar T. Larsen was born in the year of the lemming, 1923. It was also a year of political conflict which divided the labor movement in two, with NKP as a result. The first part of the book describes his class background and development, and the author is proud of having roots in the working class, both on his mother's and his father's side, either as industrial workers, small farmers or servants. Reidar T. Larsen was born and raised in poverty, and he describes his proletarian upbringing with impressive warmth and love. He was born into the revolutionary labor movement at Lillehammer, but became seriously active after the war in NKU [Norwegian Communist Youth].

Contrast

Here the book changes character. From here on it becomes primarily a defense of NKP policy from the outbreak of the war, with Larsen as a person more in the background. Apart from some references to the internal party debate, the book contains little new. Larsen carefully admits that the party made a mistake in 1940, but he accuses both the government and the officers corps of failure in the decisive days when they negotiated for the Administrative Council of the state to go to war, and also wanted to remove the king. When the communists first came into the opposition struggle, no group lost as many victims as they did, and he is obviously correct in that. It should be somewhat easier to admit to NKP members its mistakes the first time that the party took the Hitler-Stalin pact as its guidance for its own policies.

That was the damaging side of the Comintern tradition, and Larsen was involved in it also when it came to the Finland War. The Soviets' perhaps legitimate security interests did not agree with the principle of all countries' right of self-determination, regardless of regime, which he adheres to here. That stands in stark contrast to what the author later writes about Kampuchea, where he does not once mention that there has been a Vietnamese invasion, but he fumes against western countries which still recognize Democratic Kampuchea instead of the Quisling regime of Heng Samrin. And it is in the last part where Larsen mentions the Soviets and the international situation today that he shows that he understands little. The question of whether the Soviets as a superpower are just as bad as the United States he rejects first with contempt, in order to advance the following brilliant reasoning:

"If nothing else, in the socialist-left movement one should gain an understanding of the simple fact that in a capitalist superpower such as the United States, weapons and arms production means billions of profits for the private war industry. In a socialist superpower such as the Soviet Union arming means bleeding of resources which otherwise would be used for peaceful social purposes. Nobody can gain personal profit from war industry in a socialist country."

DNA

In 1945 the NKP won 145,000 votes in the Storting election, and the party had a historic chance to make itself felt. Instead it entered unity negotiations with DNA [Labor Party]. That was the beginning of the decline. The rest of the 40's and 50's are a story of DNA animosity against NKP, manifested by Gerhardsen's Krakeroy speech, the purge of the labor movement, debate about the exception laws, the spy cases, the phone taps, etc., etc. Here Larsen has the least new to relate, but how the chairman of NKP in 1963 could stand shoulder to shoulder with the chairman of the party which broke up NKP, Einar Gerhardsen (the Kings Bay affair), does not become less of a puzzle after that. Reidar T. Larsen naturally did not suggest that the explanation can just be NKP's own political decline.

Two Centers

The most important inner conflict that he tells about is the row with "the other center" of Peder Furubotn and Company in 1949. And again Larsen portrays himself as the doubter in the wings. He himself was actively used in the conflict against the Furubotn supporters in NKU, when he was running as chairman against Ulf Knutsen. There have been columns written about this row by both sides, and one hardly learns more by reading this book. Furubotn became politically senile, while the spearhead of the conflict with Furubotn, Johan Strand Johansen, shortly afterward had a nervous break-He later went to the Soviet Union, and was a 150 percent supporter of the prevailing policy of the Kremlin. He sent hundreds of letters to NKP members via the Soviet Embassy in Oslo (?), especially after 1956 when he looked askance at Larsen and others after they did not swallow the 20th party congress speech of Khrushchev (described in "Styrt fra Moskva?). is an interesting apropos to the debate about what kind of line finally won in 1949. In any case the clash did not prevent the political degeneration of NKP.

NKP "in Operation"

In 1956 Emil Lovlien, Just Lippe and the author were NKP's guests at the 20th party congress of the Communist Party of the Soviet Union. But Khrushchev's most important speech was delivered at a closed meeting. Larsen and Company first read of the conflict with Stalin when the press gave out the CIA version—which proved to be correct—long after they came home. The members in East Europe were informed in advance, probably also the members in the Italian and French Communist Parties. Larsen was angry about having been kept in the dark. It was a time when questions were being asked if Stalin was solely responsible for the evils that had been done. What about the current members? There were many questions. Larsen described himself as a doubter and a skeptic who never uncritically swallowed Soviet policy. It began with the Moscow trials and ended with Czechoslovakia and finally Afghanistan, on which Larsen took a halfhearted position

against the occupation. But he is angry against the "anticommunists" in SV who question whether a real peace movement can ally itself with the Kremlin, and he held onto the Soviet Union as a socialist country.

Reidar T. Larsen finally came out of an NKP which has become a 100 percent echo of the Kremlin. He was not himself the best protege of the Kremlin. He has written a book about NKP which follows the well-known pattern: Criticism of NKP, the "socialist" countries and NKP's condition will be countered by saying that the capitalist countries and those who defend them are worse, and Larsen draws up a long list of the crimes of the West. It is a wornout argument, and a poor starting point for self-examination. Thus Reidar T. Larsen's political autobiography runs out in the sand. He has, in fact, not learned much.

9287

CSO: 3639/5

POLITICAL

COMMUNIST PARTY NEWSPAPER ON REORGANIZATION, NEW LEADERSHIP

Central Committee's Pronouncement

Oslo FRIHETEN in Norwegian 20 Sep 84 p 4

[Text] The central committee of the Norwegian Communist Party approved the following statement at its meeting on 17 September.

In connection with the future organization of the Norwegian CP's major organs at the national committee meeting on 8 September, some "reports" from the meeting have appeared in the nonsocialist and Social Democratic press which distorted the actual course of events and speculated on a possible split of the party, leading the central committee to decide to give our party members and sympathizers more detailed information on the facts of the matter with respect to the reorganization. This orientation is partly based on the minutes from the national committee meeting which were read and unanimously approved.

The "organization committee," which was appointed at the national committee meeting of 5 May 1984, presented two recommendations based on two different models. The chairman of the committee, Leif K. Hammerstad, presented a recommendation that was based primarily on the form the central committee has had in the past, namely a composition consisting of representatives from Oslo and Akershus and surrounding counties plus Hordaland. Committee member Magne Mortensen presented a model that would include representatives on the central committee from North Trondelag, Nordland and Finnmark by using a telephone conference method for central committee meetings.

When a vote was taken by the national committee, Hammerstad's proposal received 20 votes and Mortensen's proposal received 15 votes. At the national committee meeting strenuous efforts were made in the organization committee by Hammerstad and others to find some kind of "compromise solution," but their attempts were rejected. It was suggested that two deputy leaders be elected with Trygve Horgen as one of them and that the central committee be expanded so that Martin Gunnar Knutsen could be included as a member.

With respect to the voting itself and the procedures followed the central committee has decided to quote the approved minutes:

"The first question subject to a vote was approved in this form:

"Which district model should be used as a basis? M. Hansen's motion for a written ballot was defeated, receiving only 4 votes. Resolution: Hammerstad's proposal was approved by 20 votes to 15. The second topic to be voted on concerned the election of the deputy leader. Debate: Kleven, Jorgensen, Langeland, Indregard, Lindtner, D. Karlsen.

"A motion to have written ballots in the voting for deputy leader was approved.

"Nominated for deputy leader: Ingrid Negard and Trygve Horgen.

"Ingrid Negard was elected with 18 votes, with Horgen receiving 17.

"The third topic to be voted on was the election of the organizational secretary.

"A written ballot was approved.

"Nominated: Bjorn Naustvik and Kare Andre Nilsen.

"Bjorn Naustvik was elected, receiving 18 votes in contrast to 17 for Nilsen. The fourth topic to be voted on was a motion to elect the other candidates, which was approved. The voting followed the names on Hammerstad's list, appendix 3.

"The following were elected as representatives:

"Ostfold: Grete Trondsen, unanimous vote.

"Alternates:

"1. Age Fjeld, 12 votes against.

"2. Odd R. Kristiansen, unanimous.

"Oppland/Hedmark: Arvid Borglund, unanimous.

"1. Asbjorn Furali, unanimous.

"2. O. Gransjoen, unanimous.

"Buskerud: Kare Andre Nilsen, unanimous.

"1. Knud J. Berg, unanimous. Berit Fredriksen, unanimous.

"2. Gunbjorg Sandberg, unanimous.

"3. B. Bakken, unanimous.

"4. Hannelore Kristoffersen, unanimous.

"Hordaland: Trygve Horgen, unanimous.

"1. P. L. Lindtner, unanimous.

"2. E. Meland, unanimous.

"Telemark/Vestfold: Gunnar Sorbo, 18 votes. A. Larsen, nominated by Mortensen, received 15 votes. Gunnar Sorbo elected.

"1. Alternate: Arild Larsen, unanimous.

"Oslo and Akershus: Hans I. Kleven (previously elected); Arne Jorgensen (previously elected); Asmund Langsether, 5 votes against; Gunnar Wahl, 1 vote against; Bjorn Naustvik; Kirsti Kristiansen, 18 votes (against 17 votes for M. G. Knutsen, nominated by M. Mortensen); Ingrid Negard; Rolf Dahl, 19 votes (against 16 votes for M. G. Knutsen, nominated by M. Mortensen); Ornulf Godager, 21 votes (against 13 votes for M. G. Knutsen, nominated by Ole Langeland. M. G. Knutsen asked that this be withdrawn.)

"Alternates:

- "1. M. G. Knutsen, unanimous.
- "2. L. Hammerstad, 1 vote against.
- "3. H. P. Hansen, unanimous.
- "4. Sturla Indregard, unanimous.
- "5. Fredrik Kristensen, unanimous.
- "6. Knut Johansen, unanimous.

"Those nominated to be responsible for the committee were elected unanimously.

"M. Mortensen withdrew his motion that the union committee be moved to Bergen.

"A. Jorgensen withdrew a proposal to unite housing and municipal policies.

"A proposal that the central committee elect those responsible for areas mentioned in Section 1, p 2 of Hammerstad's proposal was sent to the central committee by a unanimous vote.

"Hammerstad's proposal concerning telephone conferences (Section 2, p 2) was approved unanimously.

"Proposal from Gunnar Sorbo:

"'When issues concerning certain districts in particular are involved, a representative from these districts should be invited to meetings of the central committee as an observer if the central committee does not have a permanent representative or alternate—attending its meetings from the district in question. The observer would have the right to speak and make proposals but would not have the right to vote.' This was sent to the central committee by a unanimous vote. It was unanimously decided to send Mortensen's proposal concerning the division of committees among national committee representatives to the central committee without discussing the matter."

During the debate at the national committee meeting on the 8th, national committee member Age Fjeld expressed himself in terms that led to a strong reaction. But it is a direct misrepresentation to say that "master plumber Age Fjeld from Moss accused former Norwegian CP chairman Martin Gunnar Knutsen of

regularly supplying Norwegian military secrets to the Soviet Union," as was stated in AKERSHUS ARBEIDERBLAD on 12 September and in ARBEIDERBLADET and VERDENS GANG on 13 September.

Age Fjeld's statement was brought up by the supervisory committee during the national committee meeting and Fjeld retracted his poorly considered statement from the national committee's speaker's platform. The national committee applauded this and regarded the matter as closed.

The central committee finds it very regrettable that a national committee member with many years of membership behind him, as is the case with Age Fjeld, should express himself in the way he did, so that his remarks can be used against the party.

No specific comrade was singled out and it must be strongly deplored that it was believed and reported that he was referring to the party's former chairman, Martin Gunnar Knutsen.

The party's national committee meetings are held behind closed doors. The central committee takes exception to those comrades who approach the press and NRK [Norwegian Broadcasting System] and provide information on national and central committee meetings and even provide subjective and inaccurate information. The principle underlying this is that this body is sovereign as the party's highest organ between congresses and members of the national committee can speak freely at meetings. Only the national committee as a collective body can decide what should be released to the public.

There was complete agreement that the precise details concerning the debate and the votes taken should remain inside this body. It violates this intent when individual comrades go to the press with their own versions. Regardless of the intention behind such behavior, the effects only harm the party. We refer to the central committee statement of 5 June on the future organization of the national committee of the Norwegian CP, which says among other things:

"We also find it necessary to make it clear that information on debates, proposals and resolutions at the party's national committee and central committee meetings and those of other elected bodies should be furnished solely by these bodies themselves and possibly by comrades who have been authorized to release information."

The same thing was repeated and intensified in the party leader's "letter to Norwegian CP members" of 19 June. We want to stress again the letter's request that you "as members of Norway's Communist Party" will "work actively to counteract the speculations on the party that may arise in certain newspapers."

The national committee's resolutions and election were unanimous. The resolutions are based on Marxism-Leninism and proletarian internationalism. The party's leading organs are all elected democratically, according to the party's bylaws.

The task now is to consolidate the party on its own foundation. We must weld our forces together to strengthen the party so it can accomplish our mutual tasks and combat our mutual opponents.

This pronouncement was approved by 11 votes to 3.

Central Committee Member Objects

Oslo FRIHETEN in Norwegian 20 Sep 84 p 10

[Letter to the Editor by Ornulf Godager]

[Text] The Norwegian CP is in serious danger, Magne Mortensen writes. Yes, it looks like it. I can agree with him to that extent, but the kind of danger, the reasons for it and who has the major responsibility for what are all things on which we do not agree.

However he says some things in his article that call for comment, in my view. "Everyone on the national committee thought..." wrote M. M. He has no objective basis for writing that for the simple reason that it is not true. I had different ideas about how the reorganization should be carried out and if it had been up to me the proposal to postpone the rest of the reorganization would not have gained majority support. I do not accept M. M. speaking on my behalf either now or in the future, especially when he does not even bother to find out what I think. If we are to have viable cooperative conditions on the national committee this kind of thing has to stop.

Responsible to National Committee

He also wrote: "The party leader hand-picked..." In my opinion the true facts are different. As far as I could tell several comrades at the national committee meeting said that the party leader must have some influence on who should be on the central committee. No one said that the party leader should personally select the central committee, which would have violated party bylaws in any case. Let me make this very clear. It is the national committee, not the party leaders, that elected the central committee. I think it should stay that way and that also puts the major responsibility for the makeup of the central committee where it should be and is, namely with the national committee.

I was not selected for the central committee by the party leader and I have no special obligations to him. I was elected to the central committee by the national committee not to help out the party leader but to help with the tasks indicated by the national congress on the basis of my own assumptions and evaluations. In this activity I am responsible to the national committee that elected me, not to the party leader. In that respect he is in the same position I am.

As early as the first national committee meeting the party leader clearly indicated who he wanted as deputy leader. As we know the national committee elected someone else. There were different opinions about who the national committee should elect and the election was carried out after an open and lengthy debate. The decision was made in a democratic, written ballot in accordance with party bylaws. I see no danger for the Norwegian CP either in the way the choice was made or in the results of the election. Nor do I think there would have been any danger for the party if the votes for the candidates had turned out the other way around.

Grossly Underestimated

M. M. divides central committee members into two groups. What is the objective basis for this division? Has he asked all of them if they think they belong to the "inner circle"? Or has he just asked four of them? Or is it just M. M.'s own subjective evaluation that lies behind the division? In any case I personally regard the thinking behind the division as a gross underestimation of the ability of some national committee members to make decisions on the basis of their own independent and objective evaluations without reference to the opinions of the party leader. Therefore I do not think this type of division is of any objective interest.

As indicated by the above I have a different view of the matters M. M. discussed in his article. I will discuss my views of the election, re-election and rejection of delegates in the Norwegian CP at a later date. I do not find M. M.'s article a suitable basis for doing so.

In conclusion I would like to say that I view one of the dangers for the Norwegian CP as occurring when elected representatives who have been unable to win a majority through a democratic discussion act in such a way afterward that they create difficult working conditions not only for the national committee but for the entire party.

CP Member Takes Issue

Oslo FRIHETEN in Norwegian 20 Sep 84 p 10

[Letter to the Editor by Kolbjorn Harbu, secretary for trade union issues]

[Text] I agree with Magne Mortensen that the Norwegian CP is now in a serious situation. That is not surprising nor is it the first time this has happened. Discussions have often concerned personalities more than policies. In any case this is nothing special for our party. With regard to the difficulties our party now finds itself in I would say that they are political in nature. That is why the discussion now should be concerned with policies and not with personalities.

But I would still like to say that I am disappointed that the party chairman did not understand what the results would be of the line that was pursued at

the national committee meeting. There was no "new flexibility," comrade Kleven. On the contrary, we heard old notes that have never done the party any good.

It is not hard to predict that we are heading into troubled times. In view of the Norwegian CP's current situation it is not enough for members to be guided by resolutions by the party's highest bodies. More is needed to bring the Norwegian CP up out of the trough of the wave. What is needed is enthusiasm, strong motivation and a desire to make a contribution at all levels of the party. It is understandable, comrades, if such enthusiasm is not present at this time.

That is what makes the situation dangerous for the party. This is the situation we must do something about. I will present a proposal that the next congress be moved up to the spring of 1985. Ther we can try to clear up the political disagreements that everyone must now realize exist in the party. In my opinion this congress should also amend the party bylaws so that the congress elects the chairman, deputy chairman, editor, organizational secretary and members of the central committee. Then these posts will be occupied by people who are in line with the majority of party members.

There is a Storting election coming up in the fall of 1985. A clarifying congress in the spring could provide a basis for a wholehearted effort by the entire party.

6578

CSO: 3639/8

POLITICAL NORWAY

LABOR PARTY DAILY COMMENTS ON LATEST POLL, ELECTION PROSPECTS

Oslo ARBEIDERBLADET in Norwegian 11 Sep 84 p 4

[Editorial: "One Year Before the Election"]

[Text] So the debate about political opinion polls is under way again. And we understand that very well. Before the weekend, AFTENPOSTEN published as NOI [expansion unknown] poll for August which showed an advance of 0.7 percent for the Labor Party and a decline of 0.9 percent for the Conservative Party. At the same time, DAGBLADET published its MMI [expansion unknown] poll for the same month. In DAGBLADET, the Labor Party declined by 3.5 percent, while the Conservative Party advanced by 2.3 percent.

When the deviations are as great as these, it is natural to place the spotlight on the methods which lie behind the opinion polls. Both polls cannot be correct, whether one evaluates the political landscape of August in isolation or looks at the development over a somewhat longer period. The most important conclusion which can be drawn is that one should be wary of drawing too solid conclusions from the political polls. This is in itself a useful perception for each and everyone.

If one studies the opinion polls over a somewhat longer period, we believe that one can come closest to the "truth" by estimating the Labor Party's support in the electorate at roughly 40 percent. The Conservative Party is to be found in the vicinity of 30 percent. With regard to the two other government parties, the Center Party has about 5 percent of the voters behind it at the moment, while the Christian People's Party has a following of 7.8 percent.

The opinion polls are a repeated disappointment for the two middle parties in the government, even though, to be sure, the Christian People's Party made a forward leap in the last MMI poll. It is evident that none of these parties has profited from government collaboration with the Conservatives. It was bad when they operated as support parties in the Parliament for a pure Conservative government, and it has become worse since Johan J. Jakobsen and Khell Magne Bondevik and company entered the government of Kare Willoch.

The situation is especially serious for the Center Party. Party leader Jakobsen has staked everything on collaboration with the Conservatives. He must now face the fact that the election next autumn may be a total catastrophe for the Center Party and also for himself as party leader. No one can lead a party toward a wipeout without consequences.

With reference to the two big parties in Norwegian politics—the Labor Party and the Conservative Party—both have reason to be satisfied with the voters' reactions. The Labor Party has strengthened its base in comparison with the election result of 1981, while the Conservative Party has by and large been able to retain its share of the voters. It is obvious to everyone that it is not the Conservative Party which has lost in the government collaboration. It is, therefore, important for the Conservatives to continue to make sure that they have the Christian People's Party and the Center Party as support troops.

If one looks at the blocs in Norwegian politics, there is a lot which indicates at present that the Labor Party can again take over government responsibility next autumn. Just the same, there is even greater reason to focus attention on the uncertainty before the election a year from now. Nothing is given beforehand, and in politics one year is a long time and can mean great changes. The various forms of electoral collaboration which can take place this time are an extra uncertainty factor before the only opinion poll which one can rely on 100 percent, namely, the electorate's vote on election day.

12327

CSO: 3639/166

POLITICAL

MOTA AMARAL: PRESIDENT AL PROSPECTS FADING

Lisbon O DIA in Portuguese 16 Sep 84 pp 10-11

[Excerpt] Yesterday, in a statement made to Radio Renaissance, the Azorean PSD [Social Democratic Party] leader, Mota Amaral, remarked that he was more inclined toward the hypothesis that his candidacy in the 1985 presidential elections "has been precluded."

In an interview granted to the program "Cards on the Table," Mota Amaral added that he did not see on the horizon, as a logical follow-up from the Braga congress, the resumption of a notion of candidacy on the part of the PSD political commission.

After noting that he had never "taken too seriously the matter of being the PSD candidate in the presidential elections," the Azorean PSD leader claimed that, nevertheless, he had allowed "his personal friends and individuals with whom he had collaborated to put forth the idea" within the party.

He emphasized: "The idea was even helpful for mobilizing people and ending a situation in which PSD was involved some months ago (unfortunately, the one in which it is involved under the present circumstances); and it would appear that the party has no one to run for the presidency of the republic."

Mota Amaral also expressed the view that the decision regarding the Social Democratic candidacy for the presidential elections is now in the hands of the national political commission and, most specifically, those of Mota Pinto, who is responsible for giving to the national council the name of the candidate that the PSD will back.

The Social Democratic leader noted, in addition, that it "is necessary to clearly decide what the PSD intends concerning the presidential elections."

He commented: "The mere partisan activity on the superstructural level almost leads one to conclude that what is desired is to learn who the next resident of Belem will be for the forthcoming term."

2909

cso: 3542/138

POLITICAL

'EANIST' MOVEMENT CONTINUES TO FUEL POLITICAL COMMENTARY

Risks of Eanes' Silence

Lisbon EXPRESSO in Portuguese 15 Sep 84 p 3

[Excerpts] In its latest version, the Eanist movement has appeared as an initiative of virtually unknown people from the province.

Public figures were kept out of the meetings to plan the new party, even when they were personal friends of the president of the republic.

As always happens on such occasions, General Eanes' friends who have been excluded from the events are slowly approaching from above.

Hence, the public figures have recovered; with the aggravating factor for those from the provinces that it is now impossible to determine exactly who is in command and making decisions in the party being formed.

Obviously, all this has occurred because the movement claimed for itself from the outset a man who cannot speak: Ramalho Eanes.

In fact, if Eanes spoke everything would be clear; it would be known at all times what the official position was.

The Eanist movement is merely undergoing the unique situation of having a leader doomed to the silence of the grave regarding what is going on inside; for the simple reason that he is the president of the republic elected as an independent.

Needless to say, in addition to the worry that this situation could cause to the one who is still head of state (prevented from saying what he thinks and from publicly directing the launching of the party that he will be heading a few months from now), it could prove fatal to the movement.

With the leader silenced, all statements are legitimate, and all spokesmen are, in principle, authorized.

The confusion will inevitably tend to increase.

The battle to gain positions will take place without restraint.

And when Eanes formally assumes his position as leader, it may possibly be too late to restore order.

Antunes Seen Principal Force

Lisbon O DIABO in Portuguese 28 Aug 84 p 2

[Text] JORNAL (and no one would doubt that it is well informed and a supporter) announced that the basic text of the Eanist party has the "mark" of Melo Antunes. No one has the right (except for the natural right to stupidity and heedlessness) to evince surpise at this indiscretion. Since at least 1978 it has been known that the former member of the Council of the Revolution is, after all, the keystone of the politico-military complex moving around Ramalho Eanes. And I would almost say that he holds that position by his own right: He is, in fact, the best prepared of the revolutionary military (of the few who really have cultural background); he is unquestionably one of the most serious and determined, on a par with very few in moral courage (who does not remember the attacks that he made on the newspapers controlled by the archaeological PCP [Portuguese Communist Party]?); and he personifies in Portugal a major ideological component in the store of European political realities.

Melo Antunes is an anti-American Socialist and defender of a concept of international alliances that is basically neutralist or close to it. Verbally hostile toward Soviet imperialism, he actually serves as its objective ally; for the same reason that, if he lived in an iron curtain country, he would serve as an objective ally of the Western countries, as I wrote several years ago. Hence, Eanism is very closely associated with that concept of Socialism, both in the international realm and in the realm of options regarding internal issues; particularly since Melo Antunes lost an overly voluntarist and messianic view which prompted him to engage in some strategic and tactical over-Therefore, this clarification that I upheld several years ago (in the ultimate direction of Sa Carneiro's intuition) seems gratifying to me: "Eanism" is a Portuguese form of neutralism, strategically located at the turning point between the PCP and PS [Socialist Party]; and it has become historically viable because of the failure of these two parties. "Eanism" is the logical evolution of the end of the Council of the Revolution; it is the quintessance of the CR, just as the CR was the MFA [Armed Forces Movement] in quintessential form.

From this observation it obviously follows that, as I have also been claiming for a long time, the so-called "April military" will necessarily play a very prominent role in the Eanist party. More or less naive moves may be made by an inconsequential basic group; but, in the end, the strategy, the tactics, the policy on alliances, the ideological stance, in short, everything that

is politically significant will not be incumbent on the Herminio Martinhos of this world, but rather on the group of military congregated around Melo Antunes. And to say this is, after all, to conclude that Sa Carneiro was quite correct in thinking that General Eanes had a political design for personal power entailing the destruction or weakening of the leading democratic political parties. The Eanist party's strategy is the continuation of the MFA-Parties Pact strategy, in a new form, geared to the new circumstances of the time. To claim this is also to claim that Sa Carneiro's political indictment and his death had the effect of reducing the speed of the advent of the phenomenon, probably affecting its chances for success and unquestionably changing the conditions for its action.

By this I mean to state at least two important things: The first is that the advent of an Eanist party intellectually headed by Melo Antunes (regardless of how many denials may possibly be made) has transformed the phenomenon into a reality with a broader political significance than if it were a party ardently supported by a handful of former Socialist political leaders. The second is that, while this requires a correct strategy for adaptation, it also requires a correct analysis of the situation, without allowing the necessary responses to Eanism during this new phase to fall into the trap of being structured as if nothing had changed from one phase to the other.

Or, to better explain what has been said: "Melo-Antunist" Eanism is more solid than another Eanism. But it is also an Eanism more situated in the political spectrum. Melo Antunes can speak in the Social Democratic area as the one associated with the new party which, only with great benevolence, will not be regarded there as a natural outcropping of positional political strategy. Melo-Antunist Eanism will be a party of the left, related only to the left. For anyone who is not on the left of the political spectrum, all that remains is to watch which of the three future leftist parties will come out better: PCP, PS or the Eanist party. And only after this will the political game really get under way. Hence, Melo-Antunist Eanism will be the Eanism of a banal political party, with the virtues and vices of any other.

Secondly, and continuing the explanation, Eanism converted into a Melo-Antunist party is a far more reasonable and acceptable party than an Eanism converted into a party based on mere confusion. By this I mean that the manner of confronting and combating Eanism during this phase will have to be a perfectly normal, political manner. The Eanist party will be a party like any other, which must not be considered worse or better than PS, for example. At the time when Eanism becomes a positioned party from the political standpoint, an anti-Eanist strategy that requires abetting PS ceases to make any sense.

And, in particular, arguing about the Eanist threat to force acceptance of a certain type of alliance or strategy ceases to make any sense. Presidential Eanism was fought in one way; Melo-Antunist partisan Eanism will be fought in a different way. And nothing could be worse for the success of the battle than to mix one thing with the other.

Presidential Eanism is a threat to the political system and represents a despicable method for undermining political adversaries. Partisan Eanism is an adversary which uses the same weapons and hence competes for the popular vote, losing or winning like any other party. Many things which were signs of backwardness in the Portuguese political system have ended with this situation. That Melo Antunes will finally succeed and not be a victim of the suspicions, the hesitation and the liking for political prevarication that typify the tenant at Belem: that is my wish. I would like to have Melo Antunes as a leader. With all the personal consideration that he deserves from me, I needed nothing less than to have engineer Herminio Martinho as a leader.

2909

CSO: 3542/138

DIPLOMATIC RELATIONS REESTABLISHED WITH GUATEMALA

Survey of Agreement's Provisions

Madrid EL ALCAZAR in Spanish 23 Sep 84 p 40

[Text] The foreign ministers of Spain and Guatemala, Fernando Moran and Fernando Andrade, finally lifted the freeze on relations between these two countries yesterday in Bogota in the presence of the Colombian chief of state, Belisario Betancur.

The foreign ministers of Colombia, Venezuela and El Salvador, the secretary general of the OAS and the ambassadors from Spain and Guatemala who handled the negotiations also attended the ceremony.

As will be recalled, the Guatemalan police attacked the Spanish Embassy in order to arrest some demonstrators who locked themselves in the embassy. In the course of these events, a fire broke out and 39 people including members of the Spanish Embassy died. The ambassador survived by fleeing the building.

The complete text of the joint communique signed in Bogota by Spain and Guatemala is as follows:

"The governments of Spain and Guatemala feel that the lack of diplomatic relations hurts both nations, negatively affects the feelings of fraternity between the two peoples, impoverishes the Ibero-American community of nations and is contrary to the historic and cultural ties between Spain and Guatemala. Therefore, they have jointly examined the reestablishment of diplomatic relations between the two countries.

"With that objective and keeping in mind that respect for the principles of international law as well as observance of the norms contained in the Vienna Convention on Diplomatic Relations constitute the best foundation for those relations, both governments have agreed to the following:

"1. The governments of Spain and Guatemala have decided to reestablish diplomatic relations as of 22 September 1984 and proceed as soon as possible to an exchange of ambassadors.

- "2. The Guatemalan Government repeats that it deeply regrets the tragic events that took place on 31 January 1980 at the Spanish Embassy when it was raided.
- "3. The Guatemalan Government recognizes that what happened constituted a violation of Article 22 and Article 29 of the Vienna Convention on Diplomatic Relations which both countries are party to and, therefore, accepts the legal effects and consequences that Spain could claim from it.
- "4. In relation to these events, the Guatemalan Government confirms that it will activate procedures to determine responsibility for what took place based on its internal legislation.
- "5. A joint Spanish-Guatemalan technical commission will be formed as soon as possible to determine--within 12 months--appropriate action in relation to number 3 based on international law and the spirit of justice and equity.
- "6. The Spanish Government takes note of the context of that number, accepts the satisfaction given by the Guatemalan Government and both governments express their gratification for the way this matter has been resolved.
- "7. The governments of Spain and Guatemala want to express their deepest gratitude to the president of Colombia, Dr Belisario Betancur Cuartas, and the minister of foreign affairs, Dr Augusto Ramirez Ocampo, as well as former minister Dr Rodrigo Lloreda Caicedo. With a great feeling of fraternity toward both peoples, they provided decisive and generous collaboration in the negotiations that have led to this communique.
- "8. Both governments also want to express their gratitude to the governments of Venezuela and El Salvador for having represented their respective interests with such efficiency and dedication during this time when diplomatic relations were interrupted and for having contributed to the solution of this matter."

Spanish Interests Seen Ignored

Madrid YA in Spanish 24 Sep 84 p 5

[Editorial: "Spanish-Guatemalan Agreement"]

[Text] When President Adolfo Suarez and his government decided to break diplomatic relations with Guatemala on 31 January 1980, this painful decision was not aimed at the Guatemalan people but at the government of that country. It was singly responsible for the attack on our embassy in which 39 people died from the fire or at the hands of the police sent by the minister of interior. One fatality was Spanish diplomat Ruiz del Arbol. The responsibility of the Guatemalan Government for this massacre--which, incidentally, only the Colombian president made any allusion to during the act of protocol resuming relations--was perfectly clear at that time. Those responsible agreed to the decision that led to the massacre and the fact that they refused to pay compensation for several years while they offered every type of moral compensation demonstrates that the Guatemalan Government was clearly aware of what happened and did not feel the slightest remorse.

Now, after months of secret negotiations through the mediation of Colombian ministers and President Betancur himself, a protocol has been signed in Bogota. In the text, Guatemala not only does not recognize its responsibility for these events but, in a show of "diplomacy," "deeply regrets the tragic events," "recognizes that what happened constituted a violation of the Vienna Convention on Diplomatic Relations," "accepts the legal effects and consequences that Spain could claim from it," "confirms that it will activate procedures to determine responsibility for what took place based on its internal legislation" and agrees that "a joint Spanish-Guatemalan technical commission will be formed as soon as possible to determine—within 12 months—appropriate action in relation to number 3 based on international law and the spirit of justice and equity"—in other words, the legal effects and consequences.

In short, Guatemala promises to look for the guilty and have the weight of its internal law fall upon them. Therefore, it is satisfied with the success achieved in resuming diplomatic relations. There is nothing about recognition of responsibilities, nothing about compensation, nothing at all about apologizing. The Spanish Embassy in Guatemala will continue to be a den of conspirators in the eyes of the world. Ambassador Maximo Cajal who survived due to his intrepidness but at the cost of serious burns will carry in his professional record the accusation of being an accomplice to the "conspirators," as the Guatemalan Government has repeatedly stated. This is the price for resuming diplomatic relations with a government that has repeated that it does not recognize any responsibility for what happened and has refused, in the words of its own president, to compensate Spain.

Moran, the Spanish minister, and Andrade, the Guatemalan foreign minister, consider the Bogota agreement decent, just, honorable and equitable. They have unquestionably hidden the most important facts from us. This agreement to resume relations causes us—and we assume the majority of the Spaniards—doubt and perplexity. Of course, the renewed relations make us happy. However, as to governments, we have just left Guatemala [Guate-bad] to enter Guatepeor [Guate-worse].

The Spanish negotiators have made an effort recognized by all the parliamentary groups. However, we must point out its limitations that make it incomplete and mediocre. It does not give an immediate and satisfactory solution to the economic damages and it fails to identify the perpetrators and those responsible for the raid. However, in spite of those limitations, there should be congratulations on the agreement. After all, it means reestablishing relations with a people in the Hispanic community which were regrettably interrupted. It puts an end to a period which never should have existed and which had to be solved. All the Spanish political groups understand this and, therefore, agree that this is the only viable way to put an end to such an obviously anomalous situation.

7717 CSO: 3548/4 POLITICAL SPAIN

HB OFFICIALS ALLEGE TORTURE BY SPANISH POLICE

San Sebastian EGIN in Spanish 21 Sep 84 p 9

[Text] Bilbao--Two members of the HB [Popular Unity] made statements to the judge and later to the press yesterday about the treatment they received at the Indautxu-Bilbao Police Station. This again provides evidence that the police are still torturing in the Basque Country.

Fernando Goiri, councillor of the Basauri City Hall for the HB, and Gorka Uriarte, a member of HB and teacher of Basque at the Euskaltegi Lauaxeta in Algorta, yesterday morning at a downtown Bilbao hotel announced details of the torture they suffered during their respective stays at the Indautxu Police Station and their subsequent release under threats of again being arrested if the tortures were made public.

According to Kepa Landa, Fernando Goiri's lawyer and a member of the Human Rights Commission of the Vizcaya Bar Association, and "abertzale" parliamentarian Txomin Ziluaga, one "particularly serious" fact stands out. Members of the Superior Police Corps of Indautxu "deceived the judge with impunity." They signed the release of the prisoner before him when, an hour later, the socialist mayor of Basauri himself confirmed the opposite to reliable members of the HB.

Two More Stories in Thick Volume on Torture

The stories of the two tortured men will enlarge a thick volume that the Pro-Amnesty Agents of Euskadi presented months ago to the press. It contained confirmed cases of torture.

According to his story, Fernando Goiri was arrested last Monday by "an individual" who showed him a police badge when the councillor got out of his vehicle to "work on a motion that had to be presented at the Basauri City Hall. I had to discuss it with my comrades and the councillors of EE [Basque Left] and the PNV [Basque Nationalist Party]." Later he was driven "in a private car with other individuals to my current residence in Santutxu and my previous one in Basauri." Then he was taken to the Indautxu Police Station where they made him sign "something twice which I assume were my rights."

Fernando Goiri said: "Then I was taken to the next room where they hit me with their bare hands on the back of my neck, on the top of my head, on my

testicles and stomach. They pulled my hair while they shook me." When the councillor asked what specifically he was accused of, he received the answer: "We ask the questions here." According to Fernando Goiri's story, his torturers included an individual whom they "laughingly called the coroner. When I told him that my hands swelled up, perhaps because of circulation problems I have had, he used a stethoscope on me and said there was no danger. He twisted my arm. Then the rest of them threw me to the ground and stepped on my hands so that I could not protect my testicles while they hit me."

When these individuals observed that "I was very robust, as they said," they took him to the "machine." They threatened him that "they were going to take 20 years from my life. They were going to leave me sterile, impaired and perhaps end up like Joseba Arregi." The machine which is apparently what they call the "electrodes" was preceded by an operation to "cover my eyes with a blanket that did not permit me to see anything." They led him "by level floor, then stairs, to a soundproofed room where I could hear distant voices. They called me by name, knocked me down, tied my wrists, put something like a towel under my head and stepped on me. I felt some horrible shocks on the soles of my feet, my ankles and calves." He showed the press and the cameras "the marks." Fernando Goiri still has a mark on the left side of his jaw that the doctor called an "abrasive chafe" caused by hitting the ground during the shocks "because the towel slipped and I touched the ground." There are still more marks of the shocks "on my penis and groin. They also placed them on my spinal column at the kidneys."

After these sessions with the electrodes, "they took me by the arm. I noticed that I felt a draft and there was complete silence. I only heard footsteps and cigars being lit." Finally, "upstairs they took off the handcuffs and told me that it was all because of the person who had denounced me. They began to worry about the marks."

After his story, hard to tell because of the emotional tension, Fernando confessed: "I believe it is my duty to publicly denounce this. It does not matter that they were doing their duty, as they told me, because you cannot use such violence against people." He also reported: "The one who seemed like the chief told me that he was sorry, that he recognized my right to go to court against them but that it was their duty." Last, he denounced the police entering his residence "with my keys and without any witnesses, I think, since I have investigated. They brought me my documentation."

Tortured Without Electrodes

Gorka Uriarte related the tortures he suffered during the 5 days he was held incommunicado. However, he expressly stated that electrodes were not used.

Gorka stayed in the Indautxu Police Station 5 days. He was arrested early Sunday morning in his residence at Algorta with a warrant and message that the Antiterrorist Law had been applied. "However, they did not show the order when asked."

Four people put him in a car. They drove him around Algoria until he was taken to Indautxu. "In Room 24 they began to ask me questions about the

'Basanez' command, about people I did not know. If I cooperated, nothing would happen to me. They began to hit my ears with a telephone directory, the back of my neck with their open hands and kick me in the shins. They grabbed me by my ears and hit me in the testicles. They ordered me to sit down and pulled my hair until I said I was sick and felt like vomiting. They placed me on the table with half my body off. While one held me, another shook the top part of my body and another hit my testicles. They twisted my wrist that was bandaged from a fall." He also said they had not used electrodes "although they threatened me with them and with using them on my girlfriend or my mother. They talked about what they had to do to a girl they had there."

These tortures that Gorka made a statement about—he has also been released without charges—"happened several times from Thursday to Saturday and from Saturday to Monday when I left. They interrogated me about eight times with—out hitting me, only threatening me. They insisted that I cooperate with them. I did not have any idea about what they were asking me. I started to cry. I felt totally defenseless although they had made me sign my rights at least six times."

In spite of being out 2 days, Gorka Uriarte was suffering a "persecution complex. It seems like they are following me to obtain cooperation." He still has vomiting and nausea. Curiously, Gorka said that one policeman asked, upon seeing his bandaged wrist, whether he brought it "from the street or did they do it to you upstairs?"

No Campaigns

Txomin Ziluaga accompanied the two members of the HB who stated they were tortured. He expressed his conviction that "there is systematic torture here although Felipe Gonzalez and his ministers continue to deny it." He placed these accusations "within the framework of the widespread and indiscriminate repression against the Basque people." He cited proof of the resistance against this situation: the examples of the hunger and thirst strikers in Frenes, the fight of the Basque political prisoners and the movement against extraditions that, he said, "cannot be granted since our lack of democratic freedoms is obvious."

As to the accusations made by Goiri and Uriarte, both tortured but differently, Ziluaga pointed out: "This shows that there are no campaigns here to denounce what has happened. When electrodes were used, that was stated. When they were not used, that was stated as you heard." He also indicated the circumstance that "the police denied Goiri's arrest time and again although the civil governor confirmed it to us. Then they signed his release before the judge, with impunity, when the socialist mayor of Basauri assured us an hour later that councillor F. Goiri was still being held."

The lawyer that handles Fernando Goiri's case called this arrest "one more worrisome case" due "to the existing law that provides impunity in cases of torture like this. At this time, we do not even know who authorized Fernando's arrest, what judicial authority it was communicated to nor if he was in the

police station or not and if the Antiterrorist Law was applied or not. We do not have anything other than his story when, theoretically, the laws of habeas corpus and legal aid for the arrested should have permitted us to learn all these details."

In the opinion of this lawyer, a member of the Human Rights Commission of the Vizcaya Bar Association, all this means "absolute lack of control by whoever should control police activities and the methods they use." As to the reference made recently by Minister of Justice Ledesma that "there are isolated cases of torture," Landa was interested in the source of this information. "In my opinion, there has only been trial by torture." Consequently he asked the minister of justice three questions. How does he know of the existence of isolated cases? Who is trying to prevent tortures when they are proposing passage of another Antiterrorist Law that would not even be approved in a banana republic? How can he think that there can be extraditions under a framework in which the most basic rights of man are not guaranteed through this indiscriminate torture? Finally, he insisted on the fact that "publicly denouncing these cases is not part of any campaign against anyone. It means that we are not willing to pass over any case of torture we know about. It must be revealed to the people."

Also a member of the Pro-Amnesty Agents, he stressed the "discriminating" arrests and the "impunity" with which the FOP [expansion unknown] act and emphasized the need to continue fighting so that "extraditions of Basque political refugees are not granted in a situation in which torture is obvious, even though it is denied."

7717 CSO: 3548/5 POLITICAL

DEBATE OVER OFFICIAL VISITS TO USSR FOLLOWING AIR INCIDENT

Poll: Most Support Exchanges

Stockholm SVENSKA DAGBLADET in Swedish 15 Sep 84 p 11

Article by Erik Liden

[Text] According to an opinion poll, the general opinion is that the parliamentary group with spokesman Ingemund Bengtsson at the head should visit the Soviet Union in October as planned.

In contrast to the hesitation of the nonsocialist parliamentary group after the last Soviet violation of Swedish territory over Gotland 9 August, 55 percent of the 531 persons asked think the meeting should take place. The questions were asked 10-13 September, that is, after the protest to the Soviet Union 7 September when the Foreign Office was discussing the Soviet Union's denial of the violation.

The poll also asked whether Sweden's military position is more exposed to danger than five years ago. The parties in the middle are worried the most; 51 percent answered the question with yes, 49 percent of the moderates against 40 percent of the Social Democrats.

Of all persons questioned, 36 percent think the defense forces should be increased. Only 26 percent of the Social Democratic supporters are of this opinion, while the moderates show 52 percent and those in the middle 47 percent.

Women, who previously seemed to dedicate more time to the peace movement than to defense costs, show surprisingly in this questionnaire that they have more understanding for the demand for increased defense expenditures, 38 percent against 34 percent for men.

On the Soviet trip for the Riksdag delegation, 68 percent of the Social Democrats think it should take place, 49 percent of the middle voters, and 43 percent of the moderates. Only 31 percent are negative to the trip.

Parliament Members Cancel Visit

Stockholm DAGENS NYHETER in Swedish 26 Sep 84 p 1

Text) The Swedish Riksdag visit this fall to top Soviets in Moscow is cancelled. After the latest reply from the Soviets on the air violation, neither the Center nor the Liberal Party will go along, and therefore the matter has been dropped.

An informed Western diplomat told DN in Moscow that the violation and the Swedish protests have disturbed the ongoing Soviet "campaign" for better relations with Sweden.

The Soviet mass media have made no comment on Olof Palme's strong attack on the Soviets at the party congress last week.

Sweden is determined to defend its territory and its national sovereignty. Foreign Minister Lennart Bodstrom said this in his speech at the UN General Assembly Tuesday. But he did not mention the Soviet Union by name.

Conservatives Tone Down Criticism

Stockholm DAGENS NYHETER in Swedish 26 Sep 84 p 8

[Article by Kaa Eneberg]

[Text] The Soviet violations of Swedish territory are continuing, all in the same manner as they have been throughout the 1980's. It was with this insight in mind that Olof Palme, at the Social Democratic Party congress, repeated the threat of giving the order to bomb violating Soviet subs.

This is what Riksdag representative Carl Bildt, security policy expert in the Moderate Coalition Party, said when he, together with fellow party member Anita Brakenhielm, held a press conference Tuesday on the Moderates' security and defense policy.

Security policy is expected to be one of the main issues at the Moderate Party congress in Stockhom next month. Before the meeting, Brakenhielm has taken part in working out a pedagogical foreign policy report aimed at grass roots interest in the questions.

Old Threat

The Moderate criticism of the Social Democrats, and particularly of Olof Palme's role on the occasion of the Russian violations have been toned down. Carl Bildt said that the governing party, after a series of "amazing mistakes," is showing signs of greater clarity in the matter. Among other things, he said that the Social Democratic resolution on defense questions — among other things, the vote for unilateral disarmament — marks an "important change in position, which is an omportant signal to the world."

According to Bildt, Palme's threat to order the bombing of Soviet subs is based entirely on the insight that the violations are continuing.

"If he had thought the violations had stopped, he would not have repeated the two-year-old threat that has never been carried out so far," Bildt said.

But Bildt still thinks that Sweden is in a difficult diplomatic situation with the Soviets because of the previous mistakes of the Social Democrats. The government was much too quick to take a position on the exchange of visits last spring. They should have "listened to the Moderates" and not taken a position on the exchange of visits last spring. They should have "listened to the Moderates" and not taken a position on the invitations. Now they are in a position where they either have to cancel the visit or let it proceed as if nothing had happened.

The Moderates do not demand that the planned Swedish visit to the Soviet Union be cancelled. Exchanges of visits are an important part of the so-called signal system between countries, Bildt indicated.

Normal Channels

Bildt also said that one is glad that Palme has relinquished his earlier position of breaking relations with countries with which one is not in sympathy. This occurred among other places with the military junta in Greece. He also said that no party in Sweden wanted Sweden to break relations with the Soviet Union. It is important that discussions take place rapidly through normal channels.

The Russian denial of the air violations at Gotland 9 August, which was made twice, most recently this month, is, in Bildt's opinion, a question to be discussed at top party leadership level, for example, at the next meeting of the Foreign Relations Committee.

On the Moderate Party leadership's position on the motions stressing the necessity of the defense agreement of last spring with a yearly strengthening of defense expenditures by 600 million kronor for three years, Bildt said that his party is a guarantee for its being carried out.

Thorough Studies

Providing nothing unusual happens, the Moderates will not increase their demand for defense expenditures during this time.

However, the next large defense decision in 1987 must take place on the basis of thorough studies of defense needs. Particular stress is placed on the report of the party leadership on improvements in two defense sectors, sub defense and air defense. Concerning submarine defense, one is critical of the government's decision that the development of submarine chasing helicopters

will take all of six years. They say this is illogical. In air defense, one is dissatisfied that the total force will be reduced in the 1990's. The remaining three divisions of J-35 Dragons must be kept even after the air defense has been modernized with eight Duck divisions, according to the Moderates.

9124

cso: 3650/2

POLITICAL

RENEWED INSTABILITY IN TURKEY LIABLE TO AFFECT GREECE

Athens I KATHIMERINI in Greek 16-17 Sep 84 pp 1, 3

[Article by Rikhardos Someritis, KATHIMERINI Paris correspondent: "Serious Cracks in Evren's and Ozal's Fragile Edifice"]

[Text] Paris--The situation in Turkey has begun to worsen--for the present regime naturally. It is not at all impossible for "developments" to occur which may upset the present unstable balance in the interior, with possible consequences, as always, outside of Turkey as well.

In Paris--but, according to reliable sources, in other western capitals as well--all of the relevant indications are being recorded with particular care and the information, which does not originate from foreign diplomatic sources alone, is being carefully analyzed.

The most important factors concern the intensity of the now combative activity of a not insignificant portion of the Kurdish population, the parallel development of a new democratic resistance movement against the military dictatorship (while the experiment of "democratization," which Evren and Ozal designed, no longer persuades anyone but the dictatorship's adherents), and the present leadership's (partial) lack of success in the economic sector.

The Kurds

1. The problem of the Kurds: Both the information which breaks the net of silence and reaches the outside world and certain concrete political indications (because of the measures which the Ankara government is continually enacting in the area of "security"; for example the recent reorganization of the prosecution authorities in the Kurdish regions) make it possible to ascertain that the armed revolt of the Kurds is assuming unprecedented dimensions.

Turkey's military leadership is not underestimating the problem. Indeed perhaps—this is not impossible—it is exaggerating its intensity. At any rate, primarily in the mountainous Kurdish areas "police" operations have been increased, resulting in the destruction of many villages. The pressure is so intense that, according to certain opinions, the population is now reacting combatively, while in the past few were in support of the Kurdish autonomists. The public support which has been already offered for several months to the prisoners also constitutes a negative sign for the government.

The Turkish "Kurdistan" is certainly not in a condition of general revolt. The general repression of every Kurdish demonstration, however, even the most innocent, can in the end strengthen the adversaries of the central authority in Ankara. It is already certain that the main reason preventing the Turkish authorities from abolishing martial law in the provinces is the Kurdish problem.

2. The new resistance antidictatorial movement: Its most impressive public manifestation was the famous "manifesto," which 1,256 intellectuals, professors, artists, and journalists (56 of whom are being tried at this time) signed a few months ago. The primary demand of this "manifesto" is to restore a substantial democracy and human rights.

The Greek antidictatorial experience demonstrates that a manifesto does not bring the spring of democracy. The same experience, however, shows that manifestos of this sort prepare the conditions for a change. This is now happening in Turkey.

From 1980 (Evren's coup d'etat) to a few months ago, the "cadres" of cultural, social, political, and economic life have not only been feeble in pursuing their activities against the dictatorship but have also been psychologically, if not ethically, feeble.

First, because the Turkish army, which always moves collectively, has a long tradition of "Kemalism," and second, because this national army has not moved without a reason, it is a fact that in 1980 (and for quite a few years) Turkey was in a state of civil war without it being named such, with tens of victims every day and a general lack of security for all, regardless of their convictions and party affiliations.

The latest "experiment" is in any case "democratization." It is certain that even those enrolled as adversaries of the dictatorship (for example, those intellectuals living abroad who have been condemned to death or threatened with a death sentence) had hoped that the elections would "open" a way.

The new, great, and important fact is that today a very few now share such hopes, both in Turkey and abroad. This is the point of the "manifesto" and of a series of initiatives which are framing the manifesto inside and outside of Turkey.

As the Ankara correspondent of the French newspaper LIBERATION observes: "The revolution has begun."

The Economy

3. Economic affairs: All the latest indices indicate a new worsening of the economic situation. Ozal's experiement is least late in returning the results which his inspirers are expecting. The precise numbers present less interest than an obvious reality: the terrible unemployment which (beyond the worthless statistics in a country where reliable numbers do not exist, even for births and deaths) is leading into despair a significant portion of the population, which today does not even have the outlet of emigration.

It is not just a few who believe that soon all these problems will lead to important developments. The most positive one would naturally be new elections with the participation (free, and without military controls and restrictions) of all parties. It is not the most probable, however. Some believe indeed that Ozal's days are numbered: Evren will ask of him the new favor of shouldering the political responsibility for the experiment's failure so that the army will save face.

Other possible developments are not at all out of the question, however. What will happen if "tomorrow" the anger of the intellectuals is transformed, as occurred in Chile, into the anger of the populace? Will the military "response" to the "democratic challenge" be internal or external? Indirectly, but almost always, the internal affairs of Turkey dearly cost the Greeks, at least, who, however, present their own mistakes to Ankara.

A more substantial change of a democratic sort in Turkey is not likely in any circumstance, under today's conditions and with today's motives of "annoying" Washington as a basis. For the Americans the danger would be either a Turkish "Khomeneism" (less incredible than it appears) or a rise in anti-western forces. Many Americans judge Turkish affairs by trying to interpret the strategy which is being applied.... No one is unaware that a period of "instability" and developments is beginning in Turkey. Greece too ought not to underestimate it. If a "Turkish policy" existed.

11587

CSO: 3521/362

FRG, SWEDEN SAID TO WEIGH JOINT ARMS VENTURES

Bonn WEHRTECHNIK in German Sep 84 pp 22-23

[Interview with FRG Defense Minister Manfred Woerner. Date and place of interview not indicated: "Will There Be Swedish-German Cooperation on the Future Fighter Aircraft?"]

[Excerpt] Sweden does not regard itself as a "neutral country," but as a country which does not belong to any alliance. These fine differences were perceived by those who accompanied Dr Manfred Woerner on an official visit to Sweden. There are, of course, friendly relations between Sweden and the FRG which do not stop at arms issues. As recently as a few months ago, the Army inspector, Lt Gen Meinhard Glanz, visited Swedish government, military and industrial sites. Earlier, a major military delegation consisting of representatives of the Army Staff had exchanged thoughts on the expert level in Sweden.

Accompanying Defense Minister Manfred Woerner on the trip were Undersecretary Karl Helmut Schnell, Brig Gen Roland Oppermann (deputy head of Staff Division III of the Joint Forces), Brig Gen Hartmut Behrendt (deputy head of the Planning Staff), Col Juergen Reichhardt (ret) (head of the Information and Press Staff), as well as the adjutant, Col Dr Klaus Rheinhardt (ret) and Lt Col Michael Dubke as protocol officer. The minister and his accompanying officers were attended to by the Naval and Air Force attache of the Royal Swedish Embassy in Bonn, Col Sture Erlandsson (ret, Air Force).

[Question] What lead the defense minister of the FRG, a NATO country, to neutral Sweden? Could not this, particularly in view of the submarine incidents, be construed as provocative by the Soviets?

[Answer] I was invited to visit Sweden. The Swedish defense minister had long expressed his interest in this visit. A "provocation" cannot be construed from such a visit, if only for the reason that Sweden is an independent and neutral country, which determines its own foreign policy and national defense. Therefore, anyone who might wish to regard such a visit by a German defense minister as a provocation would simultaneously show that he disputes Sweden's sovereign right to shape its foreign policy. To my knowledge, no such thing has happened either.

Furthermore, Sweden is a signatory to the closing document of the CSCE [Conference on Security and Cooperation in Europe] and as such it has an international association with all the other participants in the CSCE regarding security and cooperation in Europe. That, too, provides for joint contact points and interests.

[Question] When you compare visits to NATO states with the one to Sweden, did the fact that the visit was to a non-aligned country lead to less readiness to supply information by the host country?

[Answer] We naturally respect the nonalignment of this northern European country, with which we maintain good relations. Accordingly, my visit took place in a friendly atmosphere. The Swedish defense minister and the Swedish Armed Forces instructed me thoroughly and with great willingness about the national defense, the armament and the military concepts of their country.

Sweden has its own reasons, dictated by its geographical situation and its relations to all other countries in northern Europe, for not entering into any alliance. These reasons are well known from numerous publications by Scandinavian authors since the 1950's. But they do not conflict with a trustful relationship between Sweden and Western Europe and all the members of NATO. The Swedish neutrality is an element of that carefully balanced "Northern European equilibrium," whose other elements are the NATO members Norway and Denmark as well as Iceland, and on the other side the special situation of Finland with respect to the Soviet Union.

Our policy takes into account this special geopolitical construction and its anchoring in the overall European security situation.

[Question] With reference to the submarines operating in Swedish territorial waters, there has been speculation that these could be German submarines. How do the Swedes presently regard these incidents, and were suggestions made to the German defense minister to provide potential technological aid for being able to identify and repel the foreign vessels?

[Answer] There was no such suggestion. It can't have been German submarines. The disregard of sovereignty by foreign submarines has upset the Swedish public greatly. These infractions are regarded as violations. The Swedish Armed Forces and the public have no doubts whatsoever as to the identity of these submarines.

[Question] You were accompanied by the senior head of the Armaments Division of your ministry. From that we conclude that there is arms cooperation between Swedish companies and the Bundeswehr. What joint projects are a reality for Swedish-German cooperation in the arms area?

[Answer] There have long been cooperation on defense technology and arms between the FRG and Sweden. However, up to noe it has not lead to any joint development and procurement of complete weapons systems, but extended to a multitude of equipment and components. This cooperation is to continue and can surely also be further improved.

[Question] During your visit, were you able to distinguish areas of defense technology which make a good example for the Bundeswehr, such as electronics, training simulation, tank technologies, etc.?

[Answer] There were some things which we, too, could learn from the Swedish Armed Forces and from Swedish industry. I became acquainted with very interesting forms of organization and educational methods as well as very well thought-out and certainly very effective preparations for defense. Various kinds of defense equipment that were shown to me also impressed me greatly.

[Question] Do companies from Sweden, that is to say from a neutral country, have the same opportunities to compete for the equipment and arms of the Bundeswehr as do German companies or other companies from abroad?

[Answer] Basically, companies have the same competitive opportunities here, if certain conditions, such as reciprocity and reliability, are assured.

[Question] The Air Force and industry in Sweden are working intensively on the ambitious GRIPEN fighter aircraft project for the 1990's. Is it correct that Sweden will present this fighter aircraft, which is being developed at the same time as the joint European fighter projected by five nations, to the German Luftwaffe as an alternative? Could you envision that in the event of exceptional difficulties in the five-nation-project a German-Swedish joint venture might be politically feasible as an alternative in the alliance?

[Answer] The German Luftwaffe needs a fighter aircraft for the nineties and beyond. The interested European NATO partners have agreed on the common military requirements for this aircraft. No further decisions have been made so far. We will include every model and every alternative which can be considered in discussing the choice, even if for many different reasons it is desirable for us to undertake such major projects in conjuntion with as many alliance partners as possible.

[Question] Our U.S. alliance partners have recently turned sensitive with regard to the transfer of technology both from the United States to NATO countries and from NATO partners to third countries. Couldn't it lead to conflict situations, if the FRG were to expand its cooperation with Swedish industry in the defense area?

[Answer] Arms cooperation between the NATO partners serves primarily to jointly equip allied forces for the purpose of greater interchangeability, mutual complementing and standardization. According to this standard, however, a cooperation with outside nations and procurement of materials in countries outside NATO are in principle possible. Only, certain rules have been established. As long as these rules are observed, there is no reason for sensitivity in cooperating with other, in particular Western, nations. This applies to the transfer of military technology and technology as well, as long as the security interests are protected.

11949 CSO: 3620/448

BUNDESWEHR CHIEF OUTLINES CONVENTIONAL DEFENSE NEEDS

Bonn WEHRTECHNIK in German Jul 84 pp 14-22

/Article by Gen Wolfgang Altenburg, Bundeswehr chief of staff: "Strengthening the Conventional Defense Capability; Consequences for the Military Technology from a Military Aspect"/

/Text/ During the working conference of the German Society for Military Technology on 8-9 May 1984, Gen Wolfgang Altenburg, the Bundeswehr chief of staff, delivered one of the fundamental lectures on the possibilities for strengthening the conventional defense capability especially of the Bundeswehr and NATO in general. By implementation of this demand alone, which is almost as old as NATO itself, the now dangerously low nuclear threshold can in fact be raised and defused. In this connection, the chief of staff addressed the entire range of difficulties, problems and plans of the Bundeswehr, including the emerging manpower questions, possibilities for upgrading of combat effectiveness, his hopes for newly designed weapons and the performance of new weapons systems planned for introduction with their more effective types of ammunition.

German security policy is based on premises which are the result of pronounced East-West differences as a consequence of World War II, but also of our special geographical location at the boundary between East and West, a fact that cannot be ignored.

The German security policy is directed toward maintaining our freedom in peace. The FRG, as a medium-sized power fending for itself, cannot attain this goal alone. Therefore without membership in NATO our ability to survive in freedom and self-determination is out of the question.

Based on the fundamental concept laid down in the "Harmel" report and confirmed by NATO in the 1982 Bonn declaration, we are striving to safeguard peace by

- --adequate military strength of the alliance;
- --political solidarity with our allies;

- -- arms control and developing therefrom perhaps disarmament; and
- --dialogue and long-term mutually advantageous cooperation with the East.

It is the highest and most important goal of our efforts to prevent war and to achieve a stable equilibrium at as low a level of armament as possible.

What Is the Meaning of Strategy of Deterrence and "Flexible Response"?

Under the present general conditions, prevention of war can best be guaranteed by deterrence. However, linked with deterrence is the firm and declared intention of the alliance never to be the first to use weapons. This also corresponds to the ethical and moral foundations of our Western democracies.

Deterrence requires the ability and the will for defense. Deterrence is effective only if an enemy is convinced that an attack would constitute an incalculable risk for him and that any blackmail attempt, even under threat of military force, would have no effect. The damage that an attacker would have to expect must be recognizable to him in his threat but unacceptable in its effects.

Whoever wants to practice credible deterrence must discernibly prove will and capability for defense. Only in this manner can the risk be made evident to an enemy to which he exposes himself and that an attack does not pay. It is a central element of our military strategy that it must demonstrate readiness for defense—if necessary also with nuclear weapons—for a political goal to really prevent a war.

In this connection it is relevant that deterrence always has a political and psychological dimension whose effect on a potential enemy is a decisive factor and thus depends on attacker's observation and perception of our own potentials.

The NATO Triad

In this connection, a risk must be produced by the incalculability of the reactions to be expected, which in final analysis reaches to the danger of countermeasures threatening the existence of an aggressor and thus makes deterrence credible. This also determines the means we must provide. Under present conditions in Europe this effect cannot be achieved exclusively by conventional forces. Therefore there must also be capabilities for the employment of nuclear means in defense to force a specific attack formation which permits an optimum in combatting it. NATO's military-strategic concept takes this defense policy goal into account with its "flexible response." From that concept the alliance has developed a set of instruments, the so-called NATO triad, for the implementation of the "flexible response."

It consist of

- --conventional forces;
- --nuclear short- and intermediate-range systems; and
- --intercontinental strategic nuclear weapons.

The elements of the NATO triad must also continue to make possible an adequate range of military reactions and options and must form a firm conceptional and structural system. No element will replace another or will be able by itself—in a kind of "components deterrence"—to guarantee a credible deterrence or an effective defense. Only the coupling of conventional and nuclear potentials and options has deprived war of its historical function as continuation of politics by other means. As a result, the conviction has developed that no war can be conducted between East and West and no war can be won by either side.

The constant striving of the alliance to maintain and improve the ability to implement the flexible response also is a search for balance of the NATO triad. In view of the approximate equality in the field of intercontinental strategic nuclear weapons set down in the SALT agreements, they largely neutralize one another and the inequalities below this level gain importance. Here lies the starting point for future disarmament talks to achieve approximate parity of the strategic means at a lower level. In this connection it is important to exclude the danger that the Soviet Union will take advantage of the possibly remaining disparities to break down the thus far effective system of the NATO triad and to isolate Western Europe below the global strategic level. That was the decisive reason for the NATO dual-track decision.

In the field of the nuclear intermediate-range systems, the NATO dual-track decision and the start of the stationing has contributed to the balance of the triad and has created the conditions so that the NATO reaction to a Warsaw Pact attack in Europe would not become a calculable risk by decoupling of the nuclear--strategic component.

The FRG ensures its participation in the nuclear planning and consultation process and simultaneously contributes to the strengthening of the alliance solidarity by its readiness to station these weapons on our soil and by prepositioning nuclear weapons carriers. Moreover, we receive freedom of action for considerations to reduce even further nuclear battlefield weapons (Montebello)—a problem that especially affects us vitally and therefore rightly is of special concern to us as a potential "battlefield Germany." In this alliance we are providing not only troops but also, as an important element, our population and territory and we must take that into account in all planning.

But the military-strategic concept of the alliance is not oriented at nuclear weapons either exclusively or in the first place. An adequate conventional defense capability also contributes to credible deterrence. The conventional defense must be strong enough to demand of an aggressor from the start a force and attack dimension of which an aggressor must know that it could force him into the range of a nuclear clash. The Warsaw Pact does not want any nuclear war either. NATO armed forces of sufficient conventional strength increase the deterrent effect and thus make aggression less likely and secured the political leeway required for the political decision concerning employment of nuclear means.

Necessity for Strengthening the Conventional Defense?

The ratio of forces between the Warsaw Pact and NATO in terms of number and extent of the armed forces has increasingly shifted to the disadvantage of NATO.

The continuing overarmament of the Warsaw Pact in our opinion cannot be rationally justified by an exaggerated need for security. It forces us to react appropriately.

Especially destabilizing is the Warsaw Pact's superiority in the conventional sphere. The demand for strengthening the combat effectiveness of the alliance is therefore justified.

Lately there have been numerous initiatives within and outside the alliance dealing with the strengthening of the NATO combat effectiveness or offering alternative proposals which are conceptional, structural or operational in nature. We have analyzed all of them from Ahfeldt via Loeser to the latest ones.

For us Germans there is one clear yardstick: It must be possible to measure all initiatives and alternatives whether they contain three for us indispensable military-strategic principles. They are:

- -- forward defense;
- -- rapid ending of conflict; and
- --limitation of damage.

In the role of the defender, disadvantages develop for us which are especially great because of the acceptance of the first "strike," since preventive measures are ruled out. The geographic situation in Europe demands a forward defense especially for the FRG since, in view of the narrowness of the space and in our highly industrialized society even in case of small losses of territory the very thing would be destroyed that is to be defended. The long sea routes to our North American allies make bringing up reinforcements more difficult while the Warsaw Pact can strengthen its armed forces from the depth constantly and within a few days. At the same time, the sea routes to the oil and raw material areas are endangered,

It is vital for us that armed forces structures and operations planning are developed in keeping with the threat. To put it another way: tasks, extent and structure of the conventional forces must be guided by the Warsaw Pact capabilities and our own goals.

The conventional-weapons superiority and the geostrategically favorable position enable the Warsaw Pact to start an attack with short preparation as well as after full deployment. Therefore, NATO's conventional armed forces must be so arranged that they can prevent underrunning of the NATO defense by a surprise attack as well as also overrunning of the forces after full deployment of the attacker. They must be able to deny the enemy a "fait accompli."

In this connection we should use all advantages that are derived from the role of the defender; as an example I merely mention the possible precautions for taking advantage of the conditions of the terrain which we can and must take in time.

It is not necessary to balance the Warsaw Pact numerical superiority at the numerical ratio of 1:1; the necessary balance does not solely depend on the number of soldiers and weapons. It is an equation with a not insignificant political-psychological dimension in this sphere, too. Aside from our own assessment, it is also important what the enemy regards as equivalent. To improve our position, the still existing superior technological possibilities and the economic strength of the West ought to be effectively utilized.

Forward Defense

It is important for us that, also in case of an attack with a short warning period, the NATO armed forces can start a coordinated, coherent forward defense. Successful reaction with a short warning period requires armed forces that are especially suited as regards commitment, degree of readiness, training, equipment and peacetime deployment for the rapid assumption of the forward defense.

But forward defense signifies not only assumption of defense, but after that appropriate endurance and I believe that is what has always been lacking in our assessment and goals.

To be able to maintain high combat effectiveness over a prolonged period

- --adequate and rapidly available reserves and reinforcements are to be incorporated in the forward defense;
- -- the survivability of the committed armed forces--especially the decisive units, big weapons systems and installations--are to be guaranteed; and
- -- the logistical range--for example for decisive ammunition--is to be ensured.

An indispensable part of the total conventional potential for the defensibility of the alliance is stationed on the American continent during peace-time. These overseas reinforcements (about six divisions to start with) must be brought across the Atlantic in a crisis; this assumes secured Atlantic communication routes. Therefore, Europe's defense is a battle for NATO to maintain the European NATO territories and also to safeguard the Atlantic lines of communication, including the bordering seas of Europe.

Defense Not "on the Cheap"

Whoever wants a credible defense, moreover with less nuclear risk and raises a demand for strengthening the conventional defense capability of the alliance, must, however, also know that it can't be had "on the cheap." From my view, the demand is justified, but achieving it is possible only if the costs connected therewith are accepted.

In addition, new weapons systems are becoming more and more expensive, also in real costs. We have reached a threshold where large systems will be difficult to finance in the future. To slow down this trend is the task of all of us and we must devote ourselves to this task by doing without in various respects.

Our Western armed forces are cost-intensive also as regards personnel because they are consciously integrated in our society and therefore personnel costs are high similar to those in industry. This cost problem will get even worse when the low birthrate age groups are drafted. Then with about the same amount of the defense budget, at a time when among other things a partial equalization should take place by a higher quota of volunteers, the remaining share for investments or procurement would presumably be less.

The Manpower Problem

Since 1965 we have had declining birth rates, a phenomenon by which we in the FRG are extraordinarily strongly affected; by the way, otherwise only the GDR has this problem to this extent. A German-German common ground, but the problem is not solved by this fact. In the nineties we are going to be short about 100,000 draftees a year unless decisive measures are taken.

In recent months we have studied various alternate concepts and believe that a solution can be found which on the one hand keeps up the personnel strength in peacetime and, on the other hand, leaves enough leeway for investments to avoid being unable to use modern technologies to strengthen the conventional capabilities. The "black and white portrayal" occasionally pursued publicly, according to which there is only the alternative of a Bundeswehr with about 400,000 soldiers but with modern equipment or about 480,000 soldiers with obsolete weapons, is not helpful in the search for solutions.

According to the report of the long-term commission, options should be found which leave a peacetime volume permitting to maintain the defense volume but which at the same time make sure that we have sufficient funds in the investment part. Reduction of the Bundeswehr defense volume indicates a negative signal effect for the alliance and thus a reduction of the alliance. Zero growth of the defense budget signifies negative growth in the investment part. The deflationary factor is higher than with other goods of everyday life.

New Weapons Systems May Save Manpower

All possibilities should be consistently used insofar as technical solutions can replace manpower, e.g., by automation of specific processes in the employment of weapons systems but also for better utilization of the available draftees by simpler handling and operability. Here we are faced with significant tasks. From where I sit, there are already very encouraging examples where, despite increased weapons effect, at least a relative manpower reduction was possible. It is incorrect to say that technology makes the systems increasingly complex. Technology creates the possibilities for simplifying the handling of the systems.

For example, without the development of the MLRS multiple rocket system we could not close the gap in counterbattery fire either for reasons of cost or by making available the required manpower if procurement of more tube artillery were the sole alternative. The examples could definitely be continued, for there are manpower-saving solutions through introduction of new weapons systems also in other areas; here I mention only the planned replacement of the NIKE batteries by the PATRIOT weapons system or the frigate 122.

Even if it is not possible to effect manpower reductions through the employment of new technologies within a short time, we can still regard it as a success if it is possible to succeed in achieving an increase in combat effectiveness solely with the available manpower.

Bundeswehr Planning Newly Regulated

In this connection, a brief reference to the systematics of Bundeswehr planning and the extensive planning measures: The Bundeswehr possesses a planning system which in its structure and systematics offers the prerequisite for best possible development of the Bundeswehr capability to perform at defensible risks. At the end of 1983, a planning decree, newly revised in important parts, was approved by the minister and issued on the basis of the good and bad experiences gained during recent years.

Thus the procedural regulations for planning, management and control have been made more precise. According to the "Blankenese decree," the chief of staff is responsible for development and implementation of a total concept of military defense. He manages the planning by providing standards for the planning range of action. The chief of staff has power to make final decisions in planning questions with respect to inspectors and departmental managers to the ministry. To perform his duties, following establishment of a planning control desk, he has also at his disposal the instruments necessary for planning control.

With this list of measures, necessary adaptations of the Bundeswehr planning system to future requirements have taken place; they must now prove themselves in practice. A change in the system is quickly required in the case of "planning goofs," even though the causes for faulty action by new and additional structures and organizational forms are rarely improved.

One should also beware of offering easy answers for a complex structure such as Bundeswehr planning, easy answers that present the problems in simplified form but do not solve them by any means in this manner.

We are in the process of taking an armament plans inventory by mid-June and thus preparing the foundation for decisions on Bundeswehr planning up to the end of the nineties. In doing so, reliable planning must take into account all relevant factors insofar as they are ascertainable and foreseeable at this time. Manpower, investments, and total expenditure must be made to coincide, a task that cannot be rushed in view of the described manpower problems alone. We are now working on the '86 Indeswehr plan with 15 planning years. We are trying to plan the years 1988 to 1997 in detail, whereas in the past this period was described only verbally. We are trying to establish priorities in the Military Command Council, which constitutes 80-90 percent of our work. When we plan in detail, nobody can say that we are not establishing any priorities. The Bundeswehr plan forms the basis for priorities.

But since Bundeswehr planning must always be integrated in general security and defense policy conditions, it cannot be left to the planners alone. It must be determined politically, alliance-politically.

What Are the Resulting Consequences for Military Technology in the Future?

Bundeswehr planning comprises 15 plan years; this signifies that for this period military goals and predictions can be foreseen and determined with relative certainty for military technology, too. Longer-term predictions are considerably more difficult since the capability decreases to make statements about the distant future. In this respect, aside from a realistic prediction of the threat, we depend particularly on the correct "setting of the technological switches" to possess in the long run the conditions for employing the required military technology.

This area of long-range forces planning requires the understanding that only close dialogue among military consumers will guarantee the required optimum success for the prediction of the technological possibilities in the formulation of new and future conceptional ideas and the area of armament and industry.

Closer Collaboration of Soldiers and Technologists

What I request is that soldiers and technologists get together without reservations and jointly develop their ideas. The mutual impetus will lead them to results which will endure also in the future. This requirement appears to me to be correct not only to be able to withstand the future threat but also to remain competitive and to be able to continue as an equal partner in the alliance.

As regards the requirements placed on military technology, the military side starts out from the operational requirements which result from the expected and concrete threat and the available capabilities. In this connection, it must be taken into account for the short and medium term that complex weapons systems must remain with the armed forces over a long period. Thus we do not have the option of replacing existing equipment by modern technology prior to the planned end of the service life.

More Rapid Change-over of Technology in Weapons Systems

If we add up the long implementing time of new technology, unfortunately customary with us, into operationally ready weapons systems, we quickly arrive at periods exceeding 15 years between technology and start of operational use. In the future we must strive here towards a more rapid change-over of modern technology into weapons systems so as not to lose once again existing leads over the East.

On the other hand, armament planning must take into account the entire life cycle of the system. An important aspect is the inclusion, basically already in the planning, of the adaptation of command, reconnaissance, and weapons systems to threat and technological progress in the utilization phase by increasing the operational value.

New technologies are to be employed, aside from performance-improving innovation, especially for the improvement of conditions of utilization and for cost reduction.

For weapons systems that have been introduced, increases in combat effectiveness must systematically take place to have efficient systems even years after their introduction. The most important possibilities arise in the case of ammunition by improving the effect in the target, in the case of command and reconnaissance for the effective use of the combined arms and in the case of improving the survivability of one's own systems.

Conceptional Framework for Strengthening Conventional Defense Capability

For the development of new weapons systems during the Bundeswehr planning period, a conceptional framework is a compelling necessity so that the urgent priorities for strengthening the defense capability are recognized and points of main efforts can be developed thereafter.

It is of crucial importance for the forward defense of Central Europe to hold the defense areas against all attacks on the battlefield.

This task can only be fulfilled if it is possible

-- to maintain a favorable air situation;

--to prevent systematic followup and introduction of combat effective enemy reinforcements until adequate own reserves and reinforcements have been integrated; and

-- to prevent a breakup of the defense by the sea flank and to keep open the connection between Europe and America.

Maintaining and strengthening the Bundeswehr performance capability must be directed with priority to the fulfillment of the "central task" as part of the common alliance defense.

For us in particular, the demand for a clear defense concept is of special importance and we must request it also in the alliance because our country would always be the first to be affected by combat operations. For us it is simply by no means acceptable that the NATO forces will carry out a successful defense sometime, but we must insist that a war does not first destroy what we have built up as basis of our way of life.

Therefore, the ideas on the task of the Bundeswehr and its military service are especially important as part of the forward defense jointly carried out in the alliance. Here I would like to list key factors of our considerations.

The Army in the Forward Defense

It is a main task of the army to hold from the start the forward defense areas assigned to it. For this purpose, the operational freedom of action of the army units in the battle against numerically superior armored combat forces—directly supported by a strong artillery, combat helicopters and fighter bombers—must be improved.

Fire power and mobility of the army are to be increased so that

--soft and hard targets--especially enemy artillery and armored combat forces--can be engaged effectively and quickly with changing points of concentration within the corps area;

--an integrated and comprehensive antitank, barrage, and air defense capability, including engagement of attack helicopters, is ensured on the battlefield; and

-- lost terrain can be quickly recaptured.

The Air Force

Main task of the air force is the battle against enemy air forces. For this purpose it has to

-- contain the force of impact of the enemy air attacks by means of air defense;

--reduce with lasting effect the operational capability of the enemy operational bases by offensive air warfare operations.

In addition, the air force supports the battle of the ground forces

--indirectly by delaying the ground forces of the Warsaw Pact in depth-especially at points where an effective delay can be achieved--; and

--directly where the available forces and means of one's own ground forces are not sufficient in an acute or looming crisis;

For this purpose strengthening of the air defense is necessary and the mission capability and weapons effect of our flying weapons systems are to be increased so that

-- the enemy air defense and troop air defense are held down in their weapons effect and by electronic support and countermeasures; and

--fixed targets and troop targets can be engaged by a balanced mixture of precision weapons and zone-effective ammunition.

Navv

It is the task of the navy as part of the joint alliance conduct of operations

--to prevent attacks by sea in the Baltic Sea and at the Baltic Sea approaches; and

-- to secure maritime traffic in the North Sea and adjoining sea areas.

Mobility, radius of action, mission capability and weapons effect of the German naval forces and naval air forces must adapt themselves to meeting the variety of threat possibilities by a multitude of complementing naval warfare means for offensive and defensive naval warfare in the vital waters.

In addition the survivability of their operational bases and units afloat against threat from the air must be improved.

Aside from this militarily conceptional assessment, military technology has a strong feedback effect on the conceptional ideas. For example, in the field of conventional rockets and missiles we have rapid technological development, from which possibilities for the expansion of the battlefield into the depth of the enemy are presented, which at first glance appear to be attractive. However, before we concretely envisage weapons systems, the political, operational/strategic, planning, and especially the financial implications must also be investigated, so that the hoped-for or demanded effect of such weapons systems does not become counterproductive for strengthening the conventional defense components. Here we must proceed jointly in the alliance.

The Most Important Big Projects

In our plans special emphasis has been placed on strengthening the already "traditionally" inferior NATO potential for fighting against Warsaw Pact air forces in its defensive and offensive elements. Introduction of the PATRIOT/ROLAND air defense systems are central projects of armament planning in the air force in addition to the modern weaponry and improvement of the TORNADO's ability to perform its mission and survive.

Undoubtedly there is a demand for a fighter for the nineties which in its operational role is to be optimized for fighter operation. But the capability to engage ground-based Warsaw Pact air defense must not be excluded. At this point, no final decision has been made concerning the fighter; a political decision will be made this year. I regard it as a positive beginning that the military requirements among various European partners—which include France, Great Britain, Italy, Spain, and us—could be coordinated. A next step in preparation of the decision is to investigate the possibilities of the technical and industrial feasibility together with the interested nations.

For the army, the greatest increase in upgrading combat effectiveness will lie in the antitank defense, since the latest weapons systems will be introduced with development and procurement of MLRS, PAH-2, and armored combat forces of the nineties. Planning must be coordinated on the time axis, so that the line-item expenditures do not coincide.

A key factor in raising the operational effectiveness is supposed to be in the production of night operations capability of all combat forces and in the balanced mixture of antitank ammunition and its delivery system. In the planning stage are antitank missile systems on platforms that can be elevated, high-performance guns, and higher-performance antitank ammunition for the armored combat forces. In addition, new mine-laying and mine-launching systems.

Improvement of indirect antitank defense in depth is to be accomplished by MLRS with bomblet ammunition and later on terminally guided ammunition, and armorpiercing homing ammunition for tube artillery. To expand the operational potentials of all systems and to be able to make better use of them, reconnaissance means with interference-free transmission of information are to be introduced under real time conditions.

With the introduction of the TORNADO in the naval air forces and of the Frigate 122 with onboard helicopters and of the 143A fast patrol boats, a considerable increase in combat effectiveness is achieved for the navy and thus the capability to fulfill the mission is adapted to the growing maritime threat. In the long term, the navy will be able to fulfill its mission in the alliance especially in the northern flank region only by addition of the new frigate 90 and with adaptation of the submarine weapon. In the North Sea and Baltic Sea operational areas, the navy plans will be influenced by foreseeable weapons technological developments and the own possibilities thus changing and the threat to be expected.

Guiding Principles for Armament Planning

From the "Guiding Principles for Armament Planning" guiding for the defense sector, I would like to interpret those that are especially important to me:

--Armament planning must divorce itself from the so-called follow-on thinking, i.e. modern weapons systems of the same kind must not automatically be requested for tanks, aircraft, and ships to be retired. It is important to stress fulfillment of specific military missions and, starting from them, to define the necessary means, taking into account new technologies. In this connection, it is an important step to derive weapons systems from an analysis of the targets to be engaged,

--Military hardware jointly used in the allied armed forces supports the goal of a stronger conventional defense capability. Moreover, international armament cooperation results in rationalization and--viewed on an alliance scale--cost savings. This requires some renunciation of national interests. However, we hope for continued increasing readiness of all participants.

An indispensable condition for armament cooperation is free East-West technology transfer in the European and especially in the transatlantic framework; at the same time, however, a stronger control in the transfer of technology from West to East must be ensured.

"What Contributions Are Future Technologies Able to Make?"

Key technologies are microelectronics, space technology, and material technology. The Western, highly industrialized countries can derive special benefit from them.

Fundamentally the application of new weapons technologies have the purpose of

--reducing one's own risk as defender and of increasing the defense capability by a broad distribution of risk;

--putting the arms expenditures of the enemy and his new technologies in proper perspective as to their effect; and

--providing alternatives for successful conduct of operations and for available weapons systems, thus also counteracting a numerical arms race.

Effect on the Target

Fundamentally it can be assumed that the biggest innovations will involve improvement of the effect on the target. The expensive weapons carrier, frequently in the foreground in the past, can be maintained over a prolonged period in connection with such innovations and its operational effectiveness can be raised by more efficient ammunition.

With the number and a further increase of hard targets, emphasis of the ammunition technology must be placed on armor-piercing ammunition. In this regard, there are limits to the increase of effectiveness of traditional explosives. Answers lie in increasing the accuracy of fire and better adjustment of the penetration mechanism to modern protection technologies. Nearly all areas of ground, air, and naval forces are affected by this development, since increased performance of their weapons systems in principle requires the same technologies.

We think that we are only at the beginning of smart and terminally guided types of ammunition. With new types of sensor fuzes, the tasks of remote sensing, target identification, and false target suppression can be fulfilled. Such fuzes can be applied in the case of smart mine systems which cause directed fire on passing tanks, in the case of homing artillery ammunition and in the case of ejection ammunition for aircraft or rockets and for defense of naval target drones.

Autonomous homing and terminal guidance make possible a rapid sequence in engaging various targets, whereby, following target identification, a fully automatic release of the ammunition can occur. For aircraft and pilots that could mean in the future not only "fire and forget," but also "fly and forget." The first examples of application for sensor fuzes in our armed forces are the 203-mm SADARM armor-piercing artillery shell, terminally guided submunition for MLRS, the guided antitank projectile and the variants of dispenser ammunition.

Development of "smart" types of ammunition is a central challenge to Western military technology and is regarded by me as a key factor.

Terminal guidance will technically revolutionize tube and missile artillery. Where today tremendous quantities of bomblet ammunition are required to engage armored units, considerably reduced numbers of shots and reduced engagement times will be possible in an aimed firefight.

But terminal guidance will also be of importance for flat trajectory projectiles. In this connection, no big guidance and maneuvering areas are involved, but slight trajectory corrections are required, as they are necessary for engaging fast targets, such as aircraft or missiles.

Mobility

As regards mobility for the armored combat forces, the limits of performance with present generation battle tanks have been reached. There are no expectations for significant benefits for the operational value from further outlays.

Antitank helicopters, attack helicopters and combat drones offer a new dimension of mobility. Thus new elements are being added to the demand for rapid massed concentration also existing in the future, new elements which in conjunction with "fire and forget" weapons will achieve an operational effectiveness that is superior to the battle tank in significant aspects. The PAH-2 is the desired optimal system only if it is possible to introduce third generation antitank missile systems at the same time. In saying this, I am aware of the difficulties.

The use of smart antitank launching and guided projectiles with autonomous target engagement in complex mine fields at the same time can reduce the freedom of movement of attacking battle tanks.

In the future it will be important to firmly integrate one's own battle tanks in composite action with the flying operational and antitank systems to maintain the tank's function as the massed-fire weapon of the army units.

A completely new type of combat presents itself with the development of battle drones. Achievement of this goal has been put within reach in the near future because of the development of the sensor and microtechnology and is probably also low cost because of the technically relatively simple body. Such battle drones can be employed at key spots over the battlefield and there can home in on armored targets for several hours and engage the targets autonomously, but that does not mean replacing the manned air force aircraft but supplementing them.

Here the circle closes again where technology is to, and is able to, replace soldiers to reduce losses of people. In final analysis every solution that saves the life or the health of even one soldier is also the more cost-saving solution even apart from the highest ethical obligation. Weapons can be replaced, but highly trained and well motivated soldiers cannot.

Survivability and Protection

A further subject for the future relates to the survivability for complex manned flying weapons systems with their extremely high costs for the platforms. Here the survivability and the ability to prevail must be strengthened by using available and future technologies.

A high rate of loss in our aircraft already in the beginning of the operations would jeopardize at an early point and seriously the ability even for limited time conventional defense.

To limit the strongest threat by enemy air defense systems, antiradar drones and antiradar rockets as well as electronic suppression measures are available. In this process, target acquisition is oriented by the emitting sources of the enemy air defense positions.

To hold down the object protection at the target, high speed antiradiation missiles (HARM) could be carried by the manned carriers and launched at adequate distances before the weapons carrier engages the actual target.

Development of stand-off dispensers has the additional purpose of no longer having to fly over especially protected targets with the expensive carrier and having to endanger it. Herein lies fundamentally a potential for increasing the survivability of aircraft; however, advantages and disadvantages must be compared under operational aspects since the threat starts with penetration of the protection of the enemy air defense space.

It will be more a question of available technology for the future development whether tactical missiles can in part assume the role of manned aircraft. Present studies still indicate that the cost of missiles with conventional armament is still very high.

Even in a comparison of the useful load weights for engaging stationary targets, e.g., airfields, the ratio ranges from 1: 3 to 1: 6 as compared with the MW-1 TORNADO useful load. But with lower useful load, the weapon effect increasingly depends on the final approach accuracy. The closeness to the target thus far achieved is not sufficient for conventional missiles in the case of point targets or moving targets.

Unmanned missiles of course increasingly also constitute a threat for us and for targets on our own territory. The narrowness of our territory and the great vulnerability of our highly developed industrial society are factors working to our disadvantage in this connection.

For the naval forces I see special dangers to the surface naval forces, especially in the Baltic Sea and in the North Sea, since, by long-range reconnaissance in connection with missiles, surface targets become "quasi stationary" and thus are especially vulnerable.

The sensor technology will also add new dimensions to reconnaissance against submarines in shallow waters as early as towards the end of the nineties.

"Soft Weapons"

In addition to the efforts to make the so-called "hard weapons" more effective, increasingly greater importance is attached to "soft weapons" in modern warfare. Their effectiveness cannot be assessed highly enough since we are becoming increasingly dependent on electronics. This includes measures to harden one's own systems against electronic warfare attacks and interference by enemy C-3 structures.

In the Warsaw Pact, electronic warfare is a separate component of warfare. Despite the high costs, the NATO command systems must be protected against this threat. The growing efficiency of electronics offers the necessary prerequisites. On the other hand, measures must be planned and financed that hamper or prevent the ability to lead the Warsaw Pact forces. In view of the growing automation in the Warsaw Pact, too, and the dependence of the Warsaw Pact troop commanders on a centralized command structure even now, every NATO success in this field is twice as important.

Important is the fact that only joint and coordinated efforts by all alliance partners are successful in this field. This is very difficult to achieve since,

in addition to the high costs, there are great obstacles in the still restrictive handling of technology exchange in this area sensitive to industrial policy.

Use of Space

Use of space or space-based systems has been preprogrammed for the future. Thus specific quick situation development and reaction is possible, including under night combat conditions. The European nations are faced with the challenge to remain at least capable of conducting a dialogue with the United States on these technologies.

U.S. President Reagan has indicated a new dimension of space utilization with his "strategic defense initiative," when he delivered his "Star Wars" speech in March 1983. The fascination exists for the United States in the idea for the protection of its own population. The U.S. research program for the development of a strategic defensive system against ballistic missiles leaves largely unanswered questions on the political-strategic implications and on the financial and technological feasibility. It would be premature to try to provide now a final assessment considering the current status of this project.

What is important to us is the fact that the United States has started the dialogue with the European partners and that the Europeans are providing an early input on ideas and worries concerning the possible ramifications.

The worries of the Europeans, on the other hand, are justified and must be freely discussed among alliance partners. These worries are:

- --Is it possible that in the long run zones of unequal security are formed and what arms control policy ramifications are to be expected?
- --Is it still possible to grasp the ramifications of the financial policy dimensions?
- --Are realistic assessments available concerning the technological risks? (ABM system, ASSAULT program, orbit warfare?)

It is a positive signal for us that the United States takes the European questions and doubts seriously and increasingly takes them into account. At any rate, we cannot prevent a corresponding U.S. research program that creates the basis for technological capabilities.

Summary

It was my intention to demonstrate that the necessity for strengthening the conventional defense is derived from our understanding that there is no alternative to the strategy of deterrence, but the credibility of deterrence demands that, in addition to the will for defense, there exists the capability to do so.

The opportunities for strengthening the conventional defense by using modern technology are still good even now for the Western industrial nations allied in NATO. Real zero growth of the defense budgets will, however, not suffice to take full advantage of the technological potentials under foreseeable conditions, especially for the Bundeswehr with the manpower structure problems of the nineties. This finding must prevail among politicians and the public if demands for strengthening the conventional defense capability are raised especially also for political reasons.

The soldiers are instructed to examine their demands under the aspect of what can be done. Not everything that is desirable for fulfillment of the mission has highest priority and can be implemented. It will be the task of industry to accept the challenge for application of the future technologies. In this connection it also continues to be necessary to pursue developments under one's own risk and while using one's own funds and to put aside partial interests of one's own to find additional opportunities for cooperation in Europe and across the Atlantic with North America. I am aware of the difficulties, we are sitting "in the same boat" figuratively only and there is no alternative of "dropping out."

12356

cso: 3620/446

SCHMUECKLE COMMENTS ON FAULTY ARMS PLANNING, STAFFING GAPS

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 17 Aug 84 p 4

[Article by Gen Gerd Schmueckle [Ret]: "The Chief of Staff Needs Help"]

[Excerpt] The Chief of Staff's analysis can be brought to two common denominators. For one thing, an imbalance between weapons and the indispensable accessories for them, such as, for example, ammunition, has emerged; for another, the so-called "follow-on thinking," that desires to see weapons of the same type be automatically further developed, ultimately leads to a dead end.

Firstly: Of course, a weapon, the potential deployment of which is limited from the start by a shortage of ammunition, represents an overwhelmingly poor investment and an irresponsibility toward the soldier who must use it. The same also holds true, by way of example, for poor or deficient equipment in electronic warfare.

At the beginning of the buildup of the Federal Armed Forces it was first permitted to procure tanks, aircraft and ships, to strengthen training and to earmark the accessories for later. Yet, soon tanks, aircraft and ships exercised a greater fascination on politicians and the military than ammunition storage and supplies. Thus, it came to be that a weapons system was hardly finished when the next model of the same system was already desired or offered. To be able to purchase this next model, money for accessories was always economized. There developed a cycle in which the imbalance between the combat instrument and its required accessories became larger and larger. Altenburg obviously wants to break through this vicious circle.

If it is true that the "Tornado" is still equipped only to a certain percentage with the accessories that would be necessary to bring this aircraft fully into action in an emergency, then this would be a scandal of the first order. The excuse that there is no money for procuring this equipment is not convincing. Because, for one thing, it is the business of the minister of defense to formulate the army not according to financial policy, but according to security policy considerations. For another, even today nothing is more expensive than a poorly supplied weapons system and nothing is more irresponsible toward the soldier who must use it.

Secondly: An arms program which couples one weapons generation to the next is the most comfortable, sometimes even also the most logical solution. As soon as the soldier has recognized a weapons system as useful, he wants in fact to remain with it and see it improved. This corresponds to human nature. Soldiers who have devoted themselves to a certain weapon therefore energetically press for planning. The arms industry understandably welcomes the military group interested in their own sector's product. This is said only as a statement, not as a reproach.

Nevertheless, great dangers lie in this "follow-on thinking." Since the client "armament" is practically insatiable, no market saturation occurs such as with civilian products, and therefore there is also no excessive urgency for base innovations. The soldier tends toward the belief that the value of each weapon becomes increasingly greater with its improvement, no matter how expensive it becomes, and the producer just works more profitably if he follows weapons generations of the same type with one another. In fact, military history is therefore full of examples that armies for a long time dragged along with them weapons which had long been obsolete. Therein lies the dangers of the "follow-on thinking." It can ultimately lead to an army which while continually modernizing—as paradoxically as it sounds—becomes increasingly obsolete.

The initiatives for changing the concentration on points of emphasis in the arms program must come from the Chief of Staff, even for new developments considered necessary for military reasons. This belongs to planning work. Today, however, the Chief of Staff must work with a staff which has not been formulated for such large-scale planning work. In addition, the staff members up to now were not selected according to whether or not they were especially talented for planning jobs.

The Army Needs a Quartermaster General

The structure of the staff as well as the selection of the personnel could be changed quickly. An example of this has long been set in the military-political sector of the Federal Armed Forces command staff. Officers who have especially excelled in this special area have been and are always used there. In the future this should also happen in the planning sector. There are just planning heroes.

It could also be considered whether it would not be good to reestablish the proven institution of a quartermaster general, naturally suited to the necessities of our time and for that reason—compared to before—with expanded jurisdiction. As is known, the quartermaster general in World War I exhibited a performance never attained later. This is particularly true for the Prussian ministry of war. In peacetime the general staff's trips, which served the quartermaster area, had been mocked as "meal runs." Yet, then the quartermasters exhibited such magnificent achievements in wartime that the mockers became silent. Thus, a proven German form of organization could be imitated here, a position could be developed which discovers poor developments in time and prevents their overflowing.

For this purpose an additional deputy would have to be approved for the Chief of Staff, that is, a type of quartermaster general. The first deputy would then be responsible for operations, the other--on a completely equal basis--would be responsible for the base, the effectiveness of which alone determines the efficiency of the operations. This new deputy would be responsible for seeing that new weapons in normal cases will be requested only if the available weapons are adequately supplied with the required accessories. It would determine the requirements in the areas of arms and supply in the comprehensive sense and suggest them to the Chief of Staff for his master plan. The Chief of Staff would have to harmonize the operative conceptions of the first deputy and the quartermaster conceptions of the other deputy and would have to present the result to the minister. Already thereby the depressing effects which have an insufficient base on the operations and have correctly pointed to Altenburg could be avoided. The minister could then make his decisions on a secure basis. His undersecretaries could carry them out.

12331

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OFFICER TRAINING CRITICIZED FOR LACK OF DEPTH

Hamburg DIE ZEIT in German 31 Aug 84 p 27

[Article by Ekkehard Klausa: "Student, Right Face? -- the Defense Minister Demands More 'Military Subjects"]

[Text] "I am absolutely in favor of that," says the man with the youthfully sparkling eyes and the general's star on his olive-green sweater. "It is great that nowadays the young officers are going to college. When I was a lieutenant, many of us went through a crisis because we had never proved ourselves intellectually." But is it not perhaps the case that the Bundeswehr college, where the students receive a second lieutenant's pay, is attracting the wrong people? That is, candidates who have an interest only in academic, but not in military life? Gert Verstl, commander of the 17th armored infantry brigade in the Hamburg Boehn barracks, shakes his head. "There are very few of those, and they quickly founder, most of them already at the officer candidate testing center. You see, service is platoon leader or company commander often entails a 60-hour week, and here you already need more than a desire to study—here you need an inner fire." What he is speaking about becomes clear when one looks at his eyes.

Even generals are thinking pluralistically today--and are doing so out loud as well. Recently the division commander Franz Uhle-Wettler had comments quita different from those of Verstl--namely, scathing remarks--to make before the press about the program of required studies for young officers at the two Bundeswehr colleges in Hamburg and Munich: "The Bundeswehr is about to start drawing upon the most uneducated officer corps in German history. That is, officers who do not know Clausewitz and do not read Manstein." Does this perhaps reveal merely an army-head, with the most distant markers of his mental horizon being the "measures for the defense of boggy terrain" on which Clausewitz lectures and the "operations of the Northern Army Group" which Manstein argues about? No: The general has a doctorate in history. Things become quite confusing when a third general-a person from whom one would not expect this--declares that he agrees with Uhle-Wettler's demand for more Clausewitz reading matter: The person is Count Baudissin, creator of the image "Citizen in Uniform," today a researcher in peace studies, and certainly beyond the suspicion that he wants to turn Bundeswehr universities into military academies.

Some 11 years after the founding of the Bundeswehr colleges, the obligatory officers' study program has again fallen into controversy. Defense Minister Manfred Woerner has opened a new round. Although the study program has basically proved a success, he said, certain adjustments are needed: The program is too "remote from practice." There should be more military subjects in the studies. Moreover in the future the officer should be strengthened more in his military education before he is exposed to academic freedom. Before beginning studies, army officers no longer will serve 15, but rather 27 to 39 months (in the air force and navy, for technical reasons things stay as they were). Finally, critics surmise that Woerner wants to introduce a new course of bumanities studies: A sort of political science supportive of the State. Two of the present courses of study will probably have to be sacrificed for this: Pedagogy--it is under ideological suspicion -- and the social-science studium generale, which is mandatory for everybody, called the EGA (Education and Social Sciences Introductory Study).

The alarm bells are sounding at the SPD and in the liberal press. The social-democratic defense policy expert Scheer thinks that Woerner wants to "turn the Bundeswehr colleges into military academies." The SUEDDEUT&CHE ZEITUNG sees a "counter-reform back to old models"; the officers' study program is to "be adapted to the needs of a conservative military." The mistrust is justified, because as a political figure in the opposition Woerner always took a hostile attitude toward the model of the officer trained in the social sciences and detached from tradition. Certainly be and his non-cabinet state secretary, Wuerzbach, would like to practice a little a "mental and moral about-face" here. But they are not even venturing to introduce a compulsory dress code for student soldiers. On closer examination, it is seen that the main battle has been fought, that the Bundeswehr college has succeeded and consolidated itself, and that there are only rear-guard actions left. Time has ignored Adalbert Weinstein's warning of 10 years ago: That an officer can be only "a thinker or a fighter." What is in demand is the thinking fighter with an academically trained mind.

The fronts in the battle of opinions run in a confused pattern. Here it is not the military against civilians. Professors from civilian colleges on the "Advisory Board for Moral Leadership" recommend that uniforms be worn more in the lecture hall. The student officers are the ones who resolutely object to any compulsory uniform code. And when two people such as Uhle-Wettler and Baudissin call for the same thing, they can be pursuing quite different ends in doing so.

Some 11 years ago the then defense minister, Helmut Schmidt, established the Bundeswehr colleges with three goals in mind:

An officer's career was to be made more attractive and entice more longterm servicemen, who can now retire after 12 years and can hold their own on the labor market as university graduates.

The officer, who as a 25-year-old platoon leader or company commander has incomparably more responsibility for people and material than a business-

school graduate of the same age in industry, and who has a much greater say than a senior civil servant in a ministry who is 5 years older, can capitalize on the technical and intellectual training of the study program. He can become the holder of an education or business studies degree in the division "economic and organizational sciences," a computer-science graduate, or a graduate engineer in a number of subject areas.

The Bundeswehr colleges were supposed to just demonstrate to the rebellious and chaotic civilian universities of the early 1970's how one can pass through courses of studies within a normal period of 3 years, how capacities are better utilized by way of trimesters instead of semesters, and how in this way even general political education is helped to get its due through the "EGA."

At least one goal has been reached: The Bundeswehr has become more attractive. Formerly there were two candidates for each officer's position, whereas today there are ten. This is due not only to the change in the labor market, but also to the promoting of the officer into a university graduate.

How do things look now at the Bundeswehr colleges? Are the young lieutenants running riot there at the expense of the taxpayer, are they forgetting their true vocation? Should they "be reminded that they are soldiers," as some critics say, through extra military duty and more command supervision? Or conversely is it true, as other critics think, that they are not in any case genuine students who are open to new things, but are instead military trainees with a closed view of their vocation and of the world?

At the beautiful green campus of the Munich college in Neubiberg, I speak to a few students: Are you enjoying your academic freedom? "Ah, you know," says a second lieutenant, "a good half of my buddies would rather return to our unit today than tomorrow." The second one nods: "These testing orgies are simply endless. Towards the end one's liking for these studies rapidly declines." The two are members of the air force, are studying aeronautics and astronautics, and as soon as possible would like to exchange their pens for a joystick.

At the same time, hundreds of thousands of civilian students would envy them the external circumstances of their studies: They live with 35 other classmates in an elegant residential building with a shared hall kitchen and a recreation room. Only an English lawn separates them from seminar rooms and laboratories, mess and restaurant, gym and tennis court. No landlady scolds, no superior knits his brows when one of them just has his girlfriend stay over as his guest for a week in his 15 square meters with private bath. At the first of every month they find in their checking accounts an allowance from Father State amounting to DM 1,400 net, with their lodgings being free—and the total board is only DM 4.95 per day.

But in return they must also study, or rather learn, learn, learn, almost boundlessly....Up to 30 compulsory study hours per week and hardly any lecture-free time. "A bad over-academicizing," remarks Baudissin on the

trimester system, "a little time for reflection would be appropriate." Even more "military education" in addition to the academic training? Almost all the professors and students are in agreement: That is completely impossible and likewise unnecessary.

Do the academically educated platoon leaders and company commanders stand the test better than their predecessors—or perhaps worse, because in their theorizing they have forgotten how to make decisions? Lieutenant colonel Uwe Buchholz, commander of the 7th Armored Reconnaissance Battalion at Augustdorf/Senne, is satisfied: "Naturally the graduates make errors at first in practical field experience—errors which we made earlier as officer candidates and not as lieutenant colonels. But the crucial thing is: They desire and look forward to their field service. Naturally the platoon leader and the company commander cannot directly apply his technical knowledge about mechanical engineering or control—systems theory. But he has learned systematization and work techniques, and that helps everywhere."

With slight variations, one hears this opinion today all through the unit, from second lieutenant to the commander. The traditionalism of the military made things difficult for the Bundeswehr college initially, when it was new. Now this traditionalism helps it, because it has been around long enough and is taken for granted. University-educated officers are also common in England, and the rule in France and the United States. The Bundeswehr college has also been accepted by the initially distrustful academic community. Today, professors at Bundeswehr colleges have good chances for an outside chair: In one Munich department, more than a third of the faculty was offered such appointments in a space of 4 years.

Some problems remain:

The general-education "EGA" study course is unpopular. But it is of decisive importance to future political education in the service. At present the students are being "pestered" with this during the entire study program, even in the arduous exam trimesters, as one student complained, and they are balking at it. A regrouping of subjects on the basis of when they are taught--general education at the beginning, technical knowledge afterwards--could be of help. An EGA basic study course in the initial trimesters could be made more interesting if the calling and mission of the soldiers were to be found there to a greater extent. For future officers, the "qualifying" influence of military sociology and military history would be just as sound as judicial sociology and legal history for future lawyers: As a critical and scientific reflection on their own role. For this reason, Baudissin is asking that more space be given to defense policy and related topics.

It is precisely in the army that one hears more and more frequently the demand: "More humanities graduates, less engineers." One should make the best of this situation, but certainly not at the expense of pedagogics and the EGA. In troop duty, for the most part pedagogics is much more directly applicable than mechanical engineering.

The main problem has to do with the many dropouts from these studies: A third do not pass the examination, roughly the same number as at other universities. Most of the dropouts enter civilian life after 4 or 6 years. But many give such a good account of themselves that they are allowed to stay for 12 years or even become career officers. Should one let only volunteers study and thus reduce the attrition rate and raise the level? Count Baudissin argues against this: Every grade-school teacher has to attend college, and the job of an officer is not less demanding.

All things considered: A quite normal college with frustration among the students, but also with much common sense and purposefulness. The most important goals of the officers' study program have been achieved. Above all this helps to link the "citizen in uniform" up with the bloodstream of our democratic society. Today the officer is better than he would have been with only the devalued secondary-school leaving examination alone. Woerner should be careful not to spread rumors about the Bundeswehr college: Neither does it deserve this, nor would this be good for the appeal of the Bundeswehr among those of the post-1965 low-birth-rate generation.

12114

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COST-EFFECTIVENESS IN ARMS PRODUCTION TARGETED

Hamburg DIE ZEIT in German 17 Aug 84 p 20

[Article by Wolfgang Hoffmann: "Brakes for Prices--How the Defense Ministry Wants to Get a Handle on Costs for New Weapons Systems"]

[Text] Until his appointment to the post of state secretary for armament in the Bonn defense ministry, Manfred Timmermann was professor of business management at St. Gallen College. He is the second armaments state secretary to have entered the Bonn ministerial bureaucracy as an outsider. The 48-year-old Timmermann has practically the same industrial experience as the first person in this category, the industrialist Ernst Wolf Mommsen, who was lured away from industry as a one-dollar man by the former defense minister, Helmut Schmidt.

Timmermann moved into the academic world in 1973; before that, between 1970 and 1973, he was a member of the management and head of the department of business consulting at Prognos AG in Basel. Previously, from 1966 to 1969, at the Luebeck company Draegerwerk he headed the division of planning, organization, EDP [electronic data processing], material economy, and purchasing. Draeger is an important supplier to the Bundeswehr. Prior to this, Timmermann gained computer experience as organizer for electronic data processing at Remington Rand.

Timmermany has the advantage over his predecessors in that he knows exactly what awaits him. From his pen comes the sentence: "The efficiency of an administration (declines) from a certain stage on, since above all information procurement, information processing, and information assessment become more difficult." He knows also that the more centralized is a bureaucracy, the greater is its inefficiency. All these are conditions which he finds in the defense ministry.

Timmermann sees a solution to the problem in the "decentralization of the administrative units" and in a "conversion of bureaucratic regulations into business-management incentive structures." If Timmermann should succeed in this Sisyphean task, the almost 1 1/2 years of the difficult search for a suitable state secretary will have been worth while. Previously, Manfred Woerner had received a number of refusals.

What Chief of Staff Wolfgang Altenburg had made known publicly without any flourishes as far back as 6 months ago, in mid-winter, was something which did not hit the headlines until in Bonn's news-poor summer lull. In the periodical EUROPAEISCHE WEHRKUNDE, the first officer of the Bundeswehr had publicized the things that his troops were lacking and what they would have to put up with in the future. That is, with the fact that "not everything is possible on quite such a timely schedule as would be called for—when measured by the growing threat."

Consequently the most recent fuss about the inadequate equipment of the army comes rather belatedly. Ever since Altenburg's remark at the latest, it has been clear even to outsiders not only that there is a large backlog of material which the Bundeswehr has needed for a long time now, but that moreover it is also not receiving new material according to plan. Wolfgang Ruppelt, arms industry section head, confirmed this trend recently: "The jumps in costs from one weapon generation to the next can be sevenfold to eightfold. These depend quite substantially on accelerating advances in technology and performance in the separate systems. It is unrealistic to think that it would be possible to increase the financial resources to the same degree that the costs for new weapons are climbing."

Of course, it is nothing new that the budget of the defense minister exists in a field of tension between a growing need for money and the possibilities for financial coverage—nor is the uncertainty in planning new either. Professor Manfred Timmermann, who since April has been serving as the state secretary for armament at the Hardthoehe in Bonn: "The fact that nowadays we plan as far ahead as to 1997 does not mean, of course, that we already know in detail what will be fitting by that time. Our problem is that at present we put development projects into the pipeline and afterwards get a different perception after all. Therefore we must have a high degree of flexibility in our planning."

And in fact no project of the Bundeswehr as yet has had the appearance at the end that it was planned to have at the beginning. Manfred Timmermann sees the reason for this as lying in a multitude of factors which can change in the course of the development period—roughly 10 years—of a new weapons system and in the utilization phase of about 25 years: The threat situation, technology, strategy, and financial prerequisites. Just as predecessor Hans Apel had to change important procurement and development programs because of a lack of financial prerequisites—with the result that the troops are currently short in ammunition and peripheral equipment—so Defense Minister Manfred Woerner as well will not have the good fortune of being able to depend on constant factors.

The change in the threat situation is determined by the enemy, but the reaction to this can lead to increased rearmament, which costs money and concerning which a political decision must be made. A change in strategy can be governed by military considerations, such as when the military expects advantages from a strengthening of the conventional weaponry at the expense of nuclear weapons. But ultimately a change in strategy is likewise preceded by a political decision.

The most complex factor in this play of forces is technology, because it is the least susceptible to influence from the outside. State secretary Timmermann: "Nowadays when one enters into an entirely new technology, sometimes he cannot know at all where he will emerge." In this connection, of late it has not been technology in itself so much which is creating problems in the development of new systems, but instead the increasing difficulties encountered in the integration, in the combination of all the mechanical elements into a functioning system.

A typical example is the reconnaissance aircraft "Breguet Atlantique." The development of the combat effectiveness upgrading of this airplane, which has been in deployment for a long time already, is 2 years behind schedule. Most of the new components have been completed successfully and on schedule. On the other hand, the integrating of a new electronic component has not been managed so far. Timmermann: "That has not been successfully dealt with either from the industry side or from the official side. Here one can try to find a guilty party. But it does not mean much. It is simply the case that we do not have a complete command of the technical aspect, because it has become very complicated."

An armaments state secretary who admits that the Bundeswehr does not have one of its projects completely under control is a novelty for Bonn. But in general one gets the impression from Timmermann that he is not given to glossing over existing problems. Thus he views quite hard-headedly the consequence of the delay in connection with the combat effectiveness upgrading of the reconnaissance aircraft: The improved aircraft will be delivered to the troops at least 2 years too late; moreover the original cost estimate for this combat effectiveness upgrading will necessarily be considerably exceeded, by at least the level of the inflation rate, which in the defense sector is considerably higher than the rise in consumer prices—and, much to the regret of the military, also higher than the annual growth in the budget.

Also a novelty for the Hardthoehe is the attitude of the armaments state secretary toward the cost estimates of previous times. In his opinion, they cannot be adhered to because they are based on planning geared too much to the long term, and they must be made already at a time in which not even the conception phase, let alone the development phase, has been completed for a new weapons system. Therefore for the future Timmermann wants to put an upper limit on costs for the military as well as for industry, although only after the completion of the concept phase, "when we know what we want." He seems determined to adhere to this upper limit by means of an intensive control system. Then for everything which goes beyond this, "there will not be any money."

Timmermann would like most of all to adopt this principle also for the procurement of weapons systems. In that case, with the fixing of an upper limit for the procurement the dividing of the available sum of money by the unit price would give the number of weapons which can be procured. With that, considerable pressure would be exerted on the military above all to stick as close as possible to the concept previously decided on. Because every subsequent change drives up the costs.

Timmermann also expects improvements along the lines of higher economic efficiency from a more intensive "technical value analysis": "Among the engineers in industry this is a long-standing tool. They ask themselves again and again: Can I not make more cheaply that which is being manufactured here expensively, by using another material which fulfills the same function? Now we want to apply this way of thinking to specific projects. One after the other we want to have items, equipment, and systems examined by creative engineers with regard to what could be made more cheaply, both from the aspect of labor expended and from that of material expenditure."

Wherever possible, the new armaments state secretary also wants to get away from the previous principle of cost prices. Hitherto, the arms industry has developed and manufactured its products at cost prices, upon which then a profit surcharge is granted amounting to a maximum of about 4 percent. The result of this principle is that industry has no interest in helping to lower costs through rationalization. The smaller the total cost, the lower the profit surcharge, or in other words: The higher the overall costs, the higher the profit. Manfred Timmermann: "That is an incentive in the wrong direction."

If it were up to him, the "businessman should be given an incentive to make more profit, although only if he contributes to a lowering of the total costs." Timmermann: "We are thinking about how we could do that. It will not be easy. The constraints of the public price law do not leave much elbow-room for revising the cost price principle."

Woerner's armaments state secretary warns against having illusions with respect to the frequently held view that transnational arms cooperation is a possible way to lower costs. In fact, hitherto it has always been somewhat more expensive. Although it is true, he says, that large numbers of units of a weapon system lead to better prices, nevertheless the notion of having one country build only aircraft for everybody, another only tanks, is "convincing only in theory." The reality will continue to be: Several countries will develop and manufacture the same part at the same time. An extensive division of labor would be opposed by substantial industrial-policy considerations, with the employment situation of the respective country being only one of these. Another: "Every country will say that we need a certain component in our domestic production end, and above all in the development work in our country, because otherwise the technology in question will get lost."

For the time being the objective of arms cooperation remains only the more extensive standardization of NATO weapons—this being something which

increases their operational capability. Also speaking against a strict division of labor is an economic factor. Timmermann: "Ultimately we also need competition. That is, if we now say that France is to build only airplanes, we only tanks, then we would have two monopolies in Europe. This does not move us forward. The suppliers only become weary, the prices only worsen."

The state secretary in charge of armaments fears nothing so much as a dependence on only one contractor, a danger which at present is looming from the direction of the aircraft and tank manufacturers. The Bundeswehr's contracts with both industries will be expiring soon, and the essential sole suppliers, the airplane manufacturers MBB and Dornier and the tank builders Krauss-Maffei and Krupp, are afraid that their capacities will decline under a minimal utilization. Given the many thousands of jobs in this industry, the customer in Bonn is being subjected to political pressure to step into the breach with additional orders. With its previous procurement policy the Defense Ministry was not in a position to smooth out the troughs in orders between two weapon generations. Timmermann does not have a remedy either. His advice: "I think that we should aim at a certain volume of weapons exports, not in the sense that we should deliberately develop this branch ourselves as an exporting industry, but just in the sense that we at least would have something to make up for the gaps which we produce through our fluctuations." However, Timmermann as well prefers to see these areas of export limited to the NATO countries rather than extended to the Near East.

But Bonn is worried not only about the shortage of capacity utilization among the tank builders and the consequences resulting from that. Bonn is apprehensive especially about Germany's most important tank smithy, Krauss-Maffei AG (KM) in Munich, which belongs to the Flick concern. Because the head of this concern, Friedrich Karl Flick, would like to clear out of the FRG, KM is up for sale. Manfred Timmermann is refusing to interfere in any way in this decision by the businessman: "Mr Flick cannot be found fault with for doing this. If he wants to, he can sell, of course. That is his rightful due. We have no authority to intervene in the company structure of the armaments firms. We do not want to, cannot, and should not do this." Nevertheless Timmermann is concerned above all about Krauss-Maffei falling into the wrong hands.

What is dominant here is not the worry that through Flick's sellout unwelcome oi' sheiks could obtain German armaments know-how. In this particular case, foreigners quite generally are not welcome, as was obvious at the latest ever since Vickers, the largest British arms concern, reached out in the direction of Munich. The Defense Ministry made it very clear that Vickers is unwelcome in Germany. Although state secretary Timmermann asserts that Bonn's views and desires about the planned sale have no binding force, still the seller will have difficulty finding a buyer if he ignores Bonn.

And state secretary Timmermann formulates Bonn's wishes in a such a way that they are unlikely to leave seller and buyer in the dark. Timmermann: "Firstly, we do not want any foreigners, if possible. Secondly, we also

would not like any monopoly. If, for example, Krupp takes it over completely, then Mak [Maschinenbau Kiel]-Krupp and Krauss-Maffei would all be in the hands of one capital holder, and that would not be agreeable to us. Thirdly, we also do not want a Moloch in the sense that we do not want to incur any moral obligation for an arms giant which would arise from a combination of Messerschmitt-Boelkow-Blohm (MBB) and Krauss-Maffei, with regional-policy troubles occurring in the south as well. And fourthly, we would not like any monopolistic Moloch, such as through the combination where MBB and Krupp jointly share in Krauss-Maffei. These are the four points concerning which I say: Please not that!"

And if they do it nevertheless? Timmermann: "Then we can only proceed accordingly." Will Bonn then buy its tanks elsewhere? Timmermann: "Of course we will have to see how we can get back to a competitive situation."

Thus those four specific requests which Bonn has urged on seller and buyer of Krauss-Maffei are made entirely with an eye to healthy competition: "A financially strong company, so that we also can carry out international projects with it. A capable management, with as large a technology endowment as possible and a strong civilian division, so that the company's utilization of its capacity does not depend on us alone." And as if Timmermann wanted to again expressly warn the potential married couple of MBB and Krauss-Maffei against going to the marriage license bureau, he adds: "If, for example, MBE and Krauss-Maffei were to join up, then their dependence on contracts from us would be much to great."

12114

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MILITARY

EUROMISSILE DYNAMICS GROUP'S PRODUCTION OF ANTITANK MISSILES

Paris REVENUE AEROSPATIALE in English Sep 84 pp 22-23

[Article by R. J. Collier: "Partnership in Euromissile Dynamics Group']

[Text] EMDG was founded in early 1980 by Aerospatiale. Messerchmitt-Bolkow-Blohm and British Aerospace as a joint venture (GIE) under French law. Its objective is the design, development, manufacture, marketing and after-sales support of medium and long range antitank guided weapon systems. This event was a major step forward in European collaboration. It confirmed the cooperative efforts which had been made by the three companies, with encouragement from their governments, over the preceding years.

Milan was the catalyst: The British, including British Aerospace, had had successful cooperation with their French and German colleagues in the guided weapons field, both in joint projects and as subcontractors. But in 1975 the British Army decided that Milan would meet its future needs and BAe were asked to study the implications of licensed manufacture of the weapon system, which by that time was demonstrating its success on the world market.

This was the catalyst which started a chain reaction. From the government and BAe studies and negotiations came, in 1976, the signature of a memorandum of understanding (MOU) and license agreements to manufacture Milan in the UK. These documents included clauses providing for cooperation both on Milan developments and on possible future anti-tank guided weapon systems. the teams in Euromissile (As, MBB, BAe) and their respective subcontractors were laying the foundations of the very successful "Milan UK", small teams in those companies were studying the future threat, examining technologies and comparing results. By the time the first UK-manufactured Milans were being delivered, these preliminary studies were hardening into a proposal for a full feasibility study for two weapons. The three governments, no doubt encouraged by the achievements in cooperation on 'Milan UK', accepted this proposal, signed a further MOU committing themselves to the study, placed the contract, and thus gave EMDG its raison d'etre and its challenge for the future--Third Generation Anti-Tank Guided Weapons--variously known in the short-forms ATGW 3 or AC3G or PARS 3.

Two Complementary Systems

The result today is the close cooperation and even integration of design teams not only from the parent companies, but also from their specialist subcontractors, working on the definition phase of two complementary weapons—a medium—range 2000m man—portable and a long—range 4000m vehicle or helicopter—mounted weapon—to meet the Trinational Staff Requirements (TSR) established by the three governments. These weapons are based on the proposals made by industry following the feasibility study and which were accepted by the governments in 1961. The definition phase contract, now at about mid-course, is naturally subject to heavy security constraints, but it is possible to give some outline information.

--The medium-range system: This will be a lightweight, infantry-portable system using optical beam-riding guidance with advanced technology warhead to defeat the main battle tanks of the 1990s and onwards. It will operate in severe countermeasures, poor visibility and by night with a range up to 2000m. Vehicle installations are also being studied, both "adaptable" and fully integrated; these will have a high commonality with the basic portable version.

--Long-range system: With a range in excess of 4000m, this is intended for installation in antitank helicopters and special "tank hunter" vehicles. The missile will have "fire-and-forget" infrared passive homing, combined with dive attack and will also have an anti-helicopter capability. The system will have a wide range of configurations to suit the needs of the customer, e.g. mast, roof or nose mounted sight for helicopters, mast or turret installation for vehicles, etc.

In both cases, these systems will make the best use of both tried and emerging technologies not only to improve performance but also to simplify the gunner's task to enhance reliability and, by built-in self-test facilities, reduce maintenance and logistics effort.

The Threat

A significant part of the work on the project, a part in which the government services of all three nations play the major role, is study and prediction of the threat, and battlefield conditions of the future. The tank and other armored vehicles will continue to play a prominent role, hence the continued emphasis on antitank weapons. Armor will be more effective—both composite and active armors are already in use or planned with significantly increased stopping power. Both visual and thermal signatures will be reduced, and maneuve—rability improved and of course countermeasures in the form of smoke, decoys, laser illumination detectors, etc. are all improving. Our third-generation systems will take these advances into account and also retain a growth capabil—ity.

Recently, in response to the four-nation requirement for a longer range antitank system (USA, France, Germany and UK), EMDG has joined with Hughes Aircraft in a proposal for the component phase of the Nulti Launch Rocket System/Terminally Guided Weapon (NLRS/TGW, otherwise known as MLRS 3). The results

of the compatitive tendering will be known later this year. Other studies, both singly and jointly are being carried out in the parent companies. These are reviewed for suitability for cooperation, and depending on national policy are submitted for consideration by the EMDG Supervisory and Management Boards.

Successful Future

The eventual success of the third generation depends on a number of factors. Apart from the excellence of our designs and their suitability in the world market (cost as always is a major factor here) there is our ability to achieve a balance between individual and national interests and the best interests of the programs; the interpretation of paper specifications into practical operational hardware, our patience in overcoming the frustrations of communication inherent in language and national attitudes and habits.

In all this, EMDG is playing a key role. To date we have had some success in this area and with the confirmed commitment of our parent companies and given the long-term political will of our governments we can look forward to a successful and expanding future.

EMDC is a partnership, each parent company having equal status, rights and responsibilities. A Figure shows how this is put into practice in the organization, each company being equally represented at the policy, management and executive levels.

This spirit of partnership is continued in the sharing of responsibilities in the project work; each company, by agreement with the others, taking the lead in certain fields. For example on ATGW 3 the responsibilities were decided as follows:

Aerospatiale: System Leader Medium-Range,

Design Leader Medium-Range Missile

Main Cooperant in Optronics.

British Aerospace: System Leader Long-Range Vehicle

Mounted System.

Design Leader Long-Range Missile

Main Cooperant in IR Homing.

Messerschmitt-Bolkow-Blohm: System Leader Long-Range

Helicopter Mounted System,

Design Leader Long and Medium-Range

Fire Units,

Main Cooperant in Warheads.

CS 3500/003

RECAPITULATION OF MILITARY HELICOPTER PROGRAM

Paris REVUE AEROSPATIALE in English Sep 84 pp 16-20

['Special Feature' by Jean-Louis Espes]

[Text] With some 21,000 machines in service throughout the world, military helicopters have long since demonstrated their worth. At the end of World War II they were used only for liaison and scouting. Today they are inseparable from the strategic thinking of any modern army, being able to perform such diverse missions as liaison and observation, fire support, antitank warfare, tactical transport, casualty evacuation, etc. Meanwhile certain armed forces (France and Federal Germany) are turning to highly specialized helicopters (HAC, HAP, PAH2), while others prefer more versatile machines capable of a variety of combat and transport missions.

Although it is participating in the Franco-German armed helicopter program on a fifty-fifty basis, Aerospatiale is also offering its latest generation of versatile helicopters meeting the requirements of modern armies:

- -- A high power/weight ratio, providing ample reserve power and shorter engine response times.
- --Stealth: Reduced electromagnetic and infrared signatures through the extensive use of new materials (glass, carbon, Kevlar, etc.) and jet deflectors or diluters.
- --Survivability: Achieved thanks to studies carried out nowhere else in Europe, concerned primarily with crash resistance (reinforced Super Puma airframes, crash-resistant seats, self-sealing tanks, etc).

For their role in combat missions, whether antitank or battlefield support, these helicopters are veritable weapons systems. Aerospatiale's experience in this connection is unsurpassed, and its helicopter weapon systems have already proved their efficiency in combat.

Ecureuil: The AS 350 L Single-Engine and AS 355 Twin-Engine Helicopter Gunships

That the Ecureuil line was going to be a winner from the outset has since been confirmed with some 1500 machines sold to date. The accumulated experience enables Aerospatiale to offer military users a familiar helicopter embodying such advanced concepts as the Starflex rotor hub, composite materials, etc. These concepts have made the machine considerably less vulnerable—an important consideration in assessing the efficacy of a military helicopter.

The single- and twin-engine armed versions will be available in 1985. Two types of armament are planned for tactical support and anti-guerrilla missions after a number of structural reinforcements have made for machine-gun or rocket supporting fixtures. The Ecureuil will then be fitted with a rocket pod on either side (2 x 12 Brandt 68mm or 2 x 7 Forges de Zeebrugge $2.75^{\prime\prime}$ rockets).

Using a special support associated to an inertia plate, the Ecureuil can alternatively be armed with an axially-firing GIAT M621 20mm cannon and a total of 240 shells. This gun can be swiveled in elevation using a pilot-controlled electrical actuator. A mix of cannon and rockets is also possible. In all cases firing is by means of a clear sight movable in azimuth and elevation and positioned opposite the pilot with the symbology "Focus On Infinity" displayed. The boresight is provided by a fire control computer to which the sight is coupled. Still another possibility is two 7.63 mm Matra or FN Herstal machinegun pods.

In addition to the structural reinforcements already mentioned, the military version of the Ecureuil includes high-mounted front seats with harnesses, two sliding doors, a raised skid landing-gear, a modified instrument panel, self-sealing fuel tanks, optional armored seats, etc. The versatile Ecureuil can also perform the following types of mission:

- --Observation, intelligence gathering, flying command post (1 pilot + 5 commandos).
- --Personnel transport and point-to-point flights (1 pilot + 5 soldiers).
- --Light logistic transport (1 pilot + $2.16m^3$ of freight in the cabin or a 1045 kg sling load).
- -- Casualty evacuation (1 pilot + 1 or 2 stretcher cases + 2 medical attendants).

Ecureuil AS 355M

Weights:	
Operating empty weight (standard model)	1338 kg
(including engine oil and non-consumable fuel)	
Payload	1062 kg
Maximum takeoff weight	2400 kg
Maximum load with stabilized sling	1.045 kg
Maximum weight carrying external load	2500 kg
Maximum fuel weight (730 liters)	577 kg

Performance:

(Two engines, smooth config., standard temperature		
at weight of:	2100 kg	2400 kg
Maximum speed (Vne) (kpm)	278	278
Fast cruising speed (kph)	248	230
Recommended cruising speed (kph)	229	212
Rate of climb (m/sec)	10.0	7.6
Service ceiling (m)	4100	3700
Hover ceiling in ground effect (m)	3900	2350
Hover ceiling outside ground effect (m)	3200	1700
Range without reserve fuel (km)	780	730

Suitable for being carried aboard small vessels because of its size, the Ecureuil has successfully undergone oscillating platform trials at Bedford (UK). Nearly three hours in the air made it possible to initially identify the problems which carrying an Ecureuil on a ship could pose. Foremost among these is its proneness to slipping. The platform was therefore gradually tilted up to about 12-deg without any slipping being noted. Next came the slipping tests on a rocking platform. No tendency to rock or slip was observed when the rocking angle and period were set at 15-deg and 18 sec respectively. The test was then repeated with an angle of 10-deg and a period of 6.5 sec, and again the results were conclusive. Manhandling and blade folding tests were also carried out.

Deck landing and takeoff: These tests were performed with and without an autopilot. In fact, a deck landing was made with rear servo actuator inoperative (hydraulic line severed). In test pilot Pierre Loranchet's words, "The Eucureuil behaved extremely well on a mobile platform". All deck landing and takeoff tests and engine shutdowns and restarts were made with angles of roll of 5-deg, 7-det, 8-deg and 10-deg, with periods ranging from 9 to 10 seconds.

Deck landings with a pure roll of 12-det and a period from 12 to 15 seconds would certainly have been possible but were presumably not representative of real conditions at sea.

Gazelle SA 342 M

Unquestionably one of the best military helicopters in the world, the SA 342 Gazelle has remarkable growth capability since it is currently envisioned to use it for antitank missions by night by equipping it with the Viviane FLIR system. The French army's light aviation arm (ALAT) is still receiving SA 342Ms and it can confidently be asserted that Gazelles will still be in service beyond the year 2000. Armed with the outstanding effective combat-proven MOT missile, the SA 342 Gazelle is a daytime antitank weapon system that can also be equipped with GIAT M621 axially-firing 200mm cannon and rocket pods for the tactical support role. Firings are made with the help of an electronic clear sight identical to those used by the Super Puma, Dauphin and Ecureuil. The latest L1 version of the SA 342 Gazelle now has a gross takeoff weight of 200 kg.

SA 342 M Gazelle

Length (rotor spinning)	11.9	97m
Length of fuselage (including tail-rotor)	9.5	53m
lleight	3.:	18m
Width (blades folded)	2.0	01m
Diameter of main rotor	10.	50m
Diameter of tail-rotor	0.0	69m
Weights		
Maximum weight	2000	kg
Operating empty weight	975	kg
Capacity		
1 pilot + 4 passengers or a 700 kg sling load		
Powerplant		
One Turbomeca Astazou XIV H turboshaft		
Maximum emergency power	9 80	hp
Maximum continuous power	600	hp
Performance at a weight of 1900 kg		
Maximum speed (Vne)	31.0	kph
Cruising speed*	264	kph
Rate of climb*	8.	5m/sec
Service ceiling	4300	m
Hover ceiling in ground effect	3650	m
Hover ceiling outside ground effect	2875	m
Range*	755	km

*At sea level

Dauphin SA 365 M

The SA 365M is the land-based military version of the Dauphin 2 family, and its ability to perform combat or tactical transport missions shows that its chief characteristic is versatility. It fits into the range of 10/12-place twinengine light helicopters. With a gross weight of 4100 kg, this new-generation machine offers remarkable performance that stems from the design philosophy, the technology built into it, and the surplus power (2 Turbomeca TM 333s flat-rated at 850 shp each).

The design criteria from which the SA 356M evolved were:

- -- a spacious, readily accessible cabin capable of accepting different layouts.
- -- a high cruising speed,
- -- a large payload capability,

- --advanced technology (Starflex rotor and glass-fiber blades, glass-fiber tail-rotor blades, carbon-fiber stabilizer, etc.),
- --easy handling,
- --maneuverability,
- --oversize components with demonstrated high TBOs, unlimited-life main rotor blades, simplified maintenance, etc.

These design criteria have produced a military helicopter having the following advantages: low maintenance and operating costs, exceptional performance, a high availability rate, a high safety level and outstanding survivability. Its versatility enables the SA 365M Dauphin 2 to perform such missions as:

- -- Antitank warfare by day or by night.
- -- Fire support.
- -- Armed escort.
- -- Troop transport (8-10 commandos).
- -- Carrying sling loads (1600 kg).
- -- Casualty evacuation (4 stretcher cases and 1 medical attendant).
- -- Reconnaissance and flying command post.

Two of the principal missions devolving upon the armed SA 365M are as a tank killer and fire support helicopter. In the day-time antitank role, the Dauphin is armed with eight Euromissile HOT missiles capable of piercing any existing armor at ranges up to 4000 meters. On night missions, the missiles can be fired with the help of the Viviane FLIR system and light-intensifying binoculars for the sterring function.

In its fire support version, the Dauphin can be armed with two axially-firing GIAT M621 20mm cannons contained in special pods with 180 rounds per gun. The same multifunction load-bearing attachments alternatively allow pods containing Brandt on Forges de Zeebrugge rockets to be carried. An electronic clear sight is used for either cannon or rocket fire.

SA 365 M Dauphin

Length (rotor spinning)	13.68m
Length of fuselage (including tail-rotor)	11.61m
Overall height	4.02m
Width (blades folded)	3.21m
Diameter of main rotor	11.93m
Diameter of tail-rotor	1.10m

Weights		
Maximum weight	4100	kg
Operating empty weight (including engine oil		
and non consumable fuel)	2300	kg

Capacity 10/12 places 907/1600 kg sling load

Powerplant Two Turbomeca TM 333 1M turboshafts

Max. emergency power	925 hp, 1 min. rating
Takeoff power	2x850 hp
Max. continuous power	2x760 hp
Parformance at maximum models (amouth confide)	

Performance at maximum weight (smooth config.)	
Maximum speed (Vne)	305 kph
Fast cruising speed	280 kph
Recommended cruising speed	260 kph
Rate of climb	7.2 m/sec
Service ceiling (Vz = 100 ft/min)	> 4000 m
Hover ceiling in ground effect	3200 m
Hover ceiling outside ground effect	2550 m
Range*	820 km
Endurance	4.2 hr

*At sea level

Super Puma AS 332

Benefiting from experience gained with the Puma program, the AS 33° Super Puma embodies state-of-the-art medium-lift helicopter technology. In addition, it has been the subject of R&D in survivability that is unparalleled in Europe. This twin-engine helicopter is the answer to the problems facing high commands concerning tactical transport in the new battlefield environments. Capable of carrying 20 to 24 infantrymen (depending on the version), the AS 332 Super Puma offers a long radius of action, high cruising speed and a large power reserve thanks to its two Turbomeca Makila turboshafts flat-rated at 1780 shp each. This is the only helicopter in the western world to be certificated for all-weather flight. In the armed version, it can be equipped with two 7.62mm machine-guns mounted on the flanks to protect disembarking infantry-men, or alternatively in a tactical support version with sidemounted or axially-firing 20mm guns, or 68mm rocket launchers (2 x 22 or 2 x 36).

Though mainly intended as a troop transport, the AS 332 Super Puma's versatility also allows it to be used for search and rescue, casualty evacuation, carrying sling loads, reconnaissance, observation etc. The adoption of the 1900 shp Makila 1Al engine in 1985 will still further enhance this machine's already outstanding performance. A new system of electric sand filters will make it possible to carry bigger loads at high temperatures and altitudes. Moreover, the Super Puma is equipped with jet diluters to reduce its infrared signature.

AS 332 M Super Puma

Length (rotor spinning) Length of fuselage (including tail-rotor Height Width (blades folded) Diameter of main rotor Diameter of tail-rotor	18.70m 16.29m 4.92m 3.79m 15.60m 3.05m
Weights Maximum weight	9000 kg
Maximum weight with sling load	9350 kg
Operating empty weight	4325 kg
Capacity 2 p	oilots + 22 passengers or 25 commandos or 4500 kg sling load
Maximum power	1780 hp
Maximum continuous power	2 x 1535 hp
Performance at a weight of 8350 kg	
Maximum speed (Vne)*	296 kph
Fast cruising speed*	280 kph
Rate of climb*	8.8 m/sec
Service ceiling	4600 m
Nover ceiling in ground effect	2700 m
Hover ceiling outside ground effect	2100 m
Range* with central auxiliary tank	995 km

*At sea level

cso: 3500/003

ECONOMIC EUROPEAN AFFAIRS

HEADS OF INDUSTRY COUNTER AGRICULTURE LOBBY IN EEC

Paris LE NOUVEL ECONOMISTE in French 24 Sep 84 pp 54-55

[Article by Philippe Le Corroller (with Xavier Simon in Brussels): "The Bosses' OPA [Public Offer to Purchase] for Europe"]

[Text] According to the business leaders, the Europe to be built is an industrial Europe. The EEC is too serious a matter to be left to "politicians" alone. And its favors are too rare to affect only the farmers.

This something new: there go the bosses, notably French and British, who are convinced this fall that the EEC is a matter that is too serious to be left solely to Brussels highly-placed officials and to ministers. That is to say, to "politicians", who are incapable, as was confirmed again this week, of pulling themselves out of the agro-budgetary quagmire.

In Paris, on 11 and 12 October, the CNPF [National Council of French Employers] will welcome the heads of business firms from the other countries of the Community to a conference on the theme "Industrial Europe Remains to be Accomplished." An original move for the CNPF. Of course, it has always counted among its ranks militant Europeans—like the president and general manager of St Gobain—Pont—a-Mousson, Roger Fauroux or, today, Claude—Noel Martin, the president of Generale Biscuit. But the anti-European clan, who are mostly concerned about keeping the public markets for the national industries, still constitute an active minority there.

In London, the same change of course is taking place. Basil de Ferranti, the general manager of the Ferranti Electronic Company, has just instigated the creation of a club for European Parliament members, which he has christened the Kangaroo, to inventory the nontariff obstacles to trade: they are costing companies and consumers 90 billion francs a year, he recently realized! A commendable initiative, coming from a national of a country which until now has been so well able to bet the limit to protect its domestic market.

This tardy awareness is being achieved under the pressure of the facts: Europe has not created a single additional job in the last 20 years, while the United States has generated 29 million jobs and Japan 10 million (source: Eurostat). A failure the responsibility for which is shifted today by industrialists onto

the community organization in part: caught up in its problems with budget and agriculture lobbies, it neglected to create a true "European industrial space," whose champion Francois Mitterrand tried--unsuccessfully--to become during his 6 months as president of the EEC. Europe is not yet that unified domestic market of 270 million consumers permitting the business leaders to conceive policies of research, production and investments commensurate with the national market.

This is true, but it may be changing. Especially under pressure are the British: agriculture employing a mere 2.5 percent of their working population against an average of 8 percent in the rest of the EEC, they are working tirelessly so that the community organization will finally stop dedicating most of its finances to agriculture alone. The principal opponents: France, which is wedged between its desire for Europe's "revival" and the reality of its agricultural interests; Germany, confronted with a peasant world that has been traumatized since the Fontainebleau Summit.

It could be seen again this week. At Dromoland Castle (Ireland), during the weekend, where the finance ministers of the Ten were holding an informal meeting. In Brussels, Monday and Tuesday, during a Council of Foreign Affairs Ministers and Agriculture Ministers meeting, which once again ended in failure.

The first conflict, the one in which Great Britain opposed the Nine on the Community's budget, on which the EEC's operation depends -- the EEC being short of money to regulate agricultural "interventions"--in the third quarter. To vote for the necessary extension for 1984 and the 1985 budget, London was demanding that the Nine write regulations guaranteeing that in the future agricultural expenses will increase less rapidly than budget expenditures, and forcing the Commission to stop its payments when that threshold is reached. A diplomat, Nigel Lawson, the chancellor of the Exchequer, agreed to withdraw such a formal demand. But he was asking the Nine for a commitment to draw up a "claw-back" system: if, one year, an additional expenditure is effectuated for Agriculture, it will have to be recovered by budgetary savings the following year. Sunday evening Henri Emmanuelli, like the rest of his Finance colleagues, seemed favorable to such a system. But on Monday, in Brussels, Roland Dumas, the European Affairs Minister, stated that "budgetary discipline must not lead to strangling the common agricultural policy." A last-chance meeting on 2 October in Luxembourg: in case of failure, 8 million farmers would be confronted with an EEC that had stopped payment.

The second obstacle: the German affair. On 1 January, Germany is to reduce its MCM (monetary compensatory totals), which subsidize its agricultural exports. The guaranteed agricultural prices expressed in deutsche marks will thus be reduced by as much. There is a risk that the German farmers will preventatively carry their products to "intervention" to avoid the depreciation of their stockpiles. Bonn therefore asked the EEC for 300 million ECU [European Community Units] (1 ECU = 6.89 francs) in order to prevent this phenomenon, by means of subsidies. A file that was prudently sent back to the Commission by the Ten.

To surmount these rear-guard battles, it is necessary to bring pressure to bear on opinion, the majority of the CNPF believes today: it is time for the agricultural lobby to be opposed by a pressure group of industrialists (of the 41

French elected representatives in the European Parliament, heads of businesses can be counted on the fingers of one hand). The trouble is that the bosses do not practice what they preach very much. After the failure of the St Gobain-Olivetti alliance, the failure 2 weeks ago of the Philips-Thomson microcomputer project lengthens the list of failed opportunities for European cooperation. A good subject to think about on 11 and 12 October, for Giovanni Agnelli, Wisse Dekker (Philips), Sir Adrian Cadbury and their colleagues.

8946

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RISKS, OPPORTUNITIES FOLLOW ADVANCE INTO 'INFORMATION AGE'

Duesseldorf WIRTSCHAFTSWOCHE in German 7 Sep 84 pp 76-84

[Article by Prof Niklaus Blattner, University of Basel. Text is shortened version of a lecture delivered to the Gottfried Duttweiler Institute symposium "Western Europe on its Way into the Information Society." Date and place of lecture not indicated.]

[Text] While technical change and economic growth seem to have broughth advantages to everyone so far, there seem to be only losers at present. The Swiss economist Niklaus Blattner examines current arguments and evaluations.

In the opinion of the British sociologist John T. Dunlop, the 20th century will go down in history as "the century of the workers and employees in advanced democratic societies. An analysis of developments in the United States, Great Britain, the FRG, France and Japan brings him to the conclusion that this century has brought about unparalleled improvements in the standard of living, in social status, in economic security and in the influence of the worker in in the political decision making process.

This positive picture is largely influenced by the period after World War II. One can also add that this long period of time supplies material for a success story. The American economic researcher and Nobel Prize winner Simon Ruznets identifies the last 150 to 200 years as an independent epoch: the epoch of modern economic growth. Overall and per capita the production of economic goods in today's highly industrialized Western industrial nations has increased strongly. But the most noticeable characteristic of this development is that it has taken place in conjunction with an explosive increase in technical knowledge and its broad application in the economic process.

Viewed in this way, the only conclusion that can be drawn initially is that the economic and technical change in the past has not created any permanent losers, but has brought great advantages to all groups. The question does remain whether this will continue and what corresponded to this positive overall picture of the longer-term past in the details of the individual period of time.

Theoretical analysis of economic growth, such as can be found in modern text-books, is particularly adept at investigating the existence and stability of long-term, constant economic growth. But many questions are left completely open. For instance, this theory does not give any explanation of the deeper driving forces of growth nir can it explain why the increasing productivity of of the economy can eventually encounter rejection.

However, we are indebted to Kuznets' fundamental insights into the connection between economic growth, economic and technical change and social change. His analysis of long-term development produces this description of the following sequence, which typifies modern economic growth:

- -- The expanision of knowledge generally and of the sciences in particular will increases the stock of potentially useful discoveries.
- --Their conversion into product and process innovations will permit an increase in producitivity, that is to say in productive power and in buying power in an economy.
- --Structural changes in production and demand accompany an increase in productivity.
- --In turn, they are linked with changes in the demands made on the work force in both a professional and social respect.
- --The social and political structures, extending to the systems of social and ideal values, are changing and are lending a new face to the desire for greater material welfare and to the concepts of the desirable form of social organization.
- --The consequences of these changes for the demand for goods and services, as well as for the institutional conditions of scientific and economic activity, will lead to a further transition in the course of events just described. The economic, technical and social change seem in each case to be adequate short-term solutions to the problems, but which will be succeded by new problems.

The quantitative orientatiton which always typified Kuznets' studies does not reveal the costs of economic growth clearly enough. In this respect, the economic historian Hansjoerg Siegenthaler provides deeper insights with his critique of the social consequences of economic growth: Economic growth brings about changes in price relationships. Real and competency capital are devalued in part, and in part they also increase in value. A change of job and migrations, perhaps even across national borders, become necessary. A rise and a decline in social rank go hand in hand. The justice of productivity is sometimes spectacularly violated with each push in growth as the result of fortuitous wins and losses. Time-honored patterns of social stations are eliminated.

The consequence is a loss of security in how one behaves. The belief that socioeconomic processes can be prognosticated is destroyed. And—Siegenthaler adopts at this point a central thought of the American economist Fred Hirsch—

finally there is the experience that the compensation for all this unrest, increasing supplies of material goods, has a flat taste, because it is not possible to come any closer to the true objective, high social status. High social status is always in short supply.

The process of capitalist development described by Joseph Schumpeter, which he terms a "process of creative destruction" and in which he ascribed such an important role to the entrepreneur, is accentuated by the work of Kuznets, Siegenthaler and Hirsch, making it possible to understand the resistance to economic and technical change.

Still: As the sole foundation for answering the concrete question concerning the consequences of certain new technologies, such as microelectronics, these ideas are inadequate.

It is premature today to assess the economic consequences of microelectronics and/or our entry into the so-called information society. There is no doubt that we are only at the beginning of those processes of innovation and diffusion which, at a later time, will possibly be held responsible for the fact that social and economic conditions are decisively different from today's.

If one compares the present economic situation, which is characterized by a growth in work productivity that has been severely smothered for more than 10 years, with the potential of the new technologies for rationalization that is being constantly stressed, a considerable gulf exists between the two. The major theme of current research on growth is not how the enormous opportunities for a growth in productivity can be used in a socially satisfying way, but how the sudden change in the development of productivity during the past decade can be explained.

Seen in this way, the rationale for reducing working hours at the present time seems highly speculative, when it is claimed, for example, that current unemployment and its further increase can be attributed to the new technologies, and consequently the main thing is to take up the excess in production strength that is approaching inevitably as the result of saturation and the weak demand it causes by reducing working hours.

For example, microelectronics is a technology, which in conjunction with other technological, economic and social developments, embodies a gigantic potential for change. The consequences of these changes are global in nature. Seen from today, we are dealing with effects that are largely potential and difficult to identify.

According to the classical idea of compensation, these effects should largely balance each other out: Technical progress can initially effect a freeing up of jobs. At the same time, direct and indirect increases in demand for goods and services are initiated, which compensate for the original decline in employment. In the long run, in a functioning market economy, production power and buying power can never develop on divergent paths.

However, critical analysis of this argumentation shows that the thesis of compensation is tied to a demanding chain of conditions. For example, costs over the short term and profits over the long term are linked to technical progress. A problem of distribution in the time between these two periods arises. Second, what contributes to the flexibility of the structural change must be examined, with respect to reducing the costs of accommodating over the short term.

If one examines the currently available evidence on an international basis concerning the consequences for employment of microelectronics, keeping these aspects in mind, the following conclusions can be reached:

--So far there is no cause for the claim that microelectronics has increased the global imbalance between supply and demand. This new technology has not led to a situation in which production power has outstripped total economic buying power. Favorable price reductions, improvements in quality and innovations in production as a result of the innovation and diffusion of microelectronics have been responsible for this positive result. It can also be surmised that the net of social security made an important contribution to overall economic stability in those cases in which firings took place.

--Not everything that is technologically possible makes economic sense. Innovation and diffusion tend to take place gradually and appear to be determined in large measure by the conditions of supply and demand on the factor markets. This means: The revolutionary breakthroughs in the markets that were feared have not materialized.

--Individually inadequate competitive conditions in the goods markets on the one hand and the inertia of the structure of the labor force potential on the other hand are emerging as principal obstacles to adopting to the changes caused by microelectronics. The major source of labor force difficulties in the wake of the new technology can be seen in the change in the qualification structure for sought after workers and in the lag in the qualifications of those seeking jobs.

The changes in the desired qualifications for workers is accentuated by the fact that they are accompanying a marked change in the structure of the industry. These changes are so far-reaching that the OECD has supplemented its current statistical three-section breakdown with a fourth section, information. If all the wage earners who are working as information producers, information processors, information distributors and are active in in the information structure are counted up, impressive images of the change are the result. The percentage of those employed in the information sector increased in France between 1954 and 1975 from 20.3 to 32.1, in Sweden between 1960 and 1975 from 20 to 34.9 and in the FRG between 1950 and 1978 from 18.3 to 33.2. The United States already led the countries analyzed in 1970 with 41.1 percent. Remarkably, Japan was in last place with 29.6 percent.

In this development in the direction of the information sector and away from the traditional sectors of service, industry and agriculture, a change in activities is finding its expression in a move towards those segments which, by their nature, are being influenced most strongly by the new information technologies. The need to adapt is correspondingly great.

Added to this are the regional aspects. The constantly changing division of labor in the world economy is already exerting growing pressure for regional adaptation, not least in the highly industrialized centers and at the expense of the periphery, because of the interindustrial nature of the exchange with the developing nations. As the example of the Swiss watch industry proves, such developments cannot be speeded up by technical change. Counterforces do exist. Without doubt microelectronics is making the decentralization of decisionmaking processes easier, that is to say, it is helping to reduce the economic importance of geographical distances. It also favors small and medium-sized businesses—analagous to the electric motor in the 1890's—because it is familiar with flexible and divisible applications in products and production processes. Finally, microelectronics can contribute to equalizing the disadvantages of location of the industrial countries caused by high wages in relation to the less developed nations.

The different degree of affectedness, whether by education, by qualifications, possibly even by age, sex, by sectors or industries, by regions and by the size of the plant, is determining winners and losers in the ecnomic and technical change. The picture is much more complex than the familiar, traditional two-class model of distribution theory leads us to expect. The winners and losers cannot be divided simply according to the pattern of "capitalists versus workers." The general pattern of the consequences of economic growth, as it has been described by Siegenthaler and Kuznets, also applies to the case of microelectronics. The different socioeconomic groups are being affected in quite different ways by economic and technical change.

A second assessment, which can be made with certainty, is that the allocations of risks and opportunities are all the more clearcut, the higher the speed of innovation and diffusion of a new technology is. The option, which would consist of slowing the speed of innovation and diffusion for this reason, does not exist in reality. No country can afford to delay technical progress, unless it is willing to accept even greater losses in employment into the bargain than would be the case if it kept pace at international speed.

What are the conclusions to be drawn from this finding? First: as far as the labor market is concerned, our sights must generally be trained on removing rigidity, whether it is the kind that limits job mobility and geographic mobility or the kind that comes about in conjunction with rigid wage structures. But individual workers or the unions frequently have good reason to resist the changes demanded of them:

- --Ecomic and technical change either makes possible an increase in the economic per capita income, or it at least works generally against its reduction.
- --The extent of the material and non-material advantages that are linked with economic and technical changes over the course of time cannot be identified clearly in advance, either for the national economy as a whole or for individual socioeconomic groups.
- --Costs, on the other hand, are clearer than the uncertain advantages. The various groups who are being asked to adapt in the present time, can estimate

fairly accurately the losses in income, status and security that will result for them.

--Finally, there is the additional factor that it is by no means certain that those groups who are carrying the bearing the burdens of adaptation now will also be the ones who will be in a position to profit from later benefits. It can be proved historically many times over that the costs of adaptation are borne by clearly definable groups, while the benefits are distributed across the entire society.

As long as a democratic form of society, in which individual and group interests are recognized as legitimate, remains intact—and who would question this?—it is largely idle to bemoan the inherent opposition to economic and technical change.

A second demand derives from this analysis: On the one hand the opportunities of the individual to profit as directly as possible from the possibilities of expansion in the wake of economic and technical change must be increased.

The value of support for education and continuing training must not be forgotten, but neither should the advantages of open markets, safeguarded by a policy for competition and trade, for those who wish to join the competition as new entrepreneurs.

On the other hand, the prerequisite for every consensus is that those who are adversely affected in their economic and social position, as a result of economic and technical change, should not simply be left alone. In view of the expanded network of social security, this is not the acute danger. Beyond this it is necessary for new perspectives, new opportunities to be opened up to those who have been harmed by economic and social change. A society that allows disadvantaged groups, in the sense of "lost generations" of young people or the elderly, to disappear in the subculture or in social welfare, will not be carried by a consensus in the long run. Each individual should have the possibility of making a new beginning.

Third, we must rethink our policy on distribution, technical development is forcing us to do so. As an intellectual construct, one can imagine a "fully automated economy, in which the per capita income would be enormous, but the relative importance of income derived from work would be minutely small. Under these circumstances, fairness in income could be ensured by transfers in income from capital property owners to the workers. But power would be very unequally distributed, because the position of the factor of labor as a scarce resource would be weak in an automated production process.

Resolving the contrast in interests between the workers and capital property owners by means of an intensive policy on property embodies a great potential in dissipating genuine, understandable and legitimate social conflicts.

From the recommendations for the future let us return to the present. Are we really living in a "century of workers and employees?" In view of the develop-

ments that have been discussed this does not seem so certain. Modern economic growth of the last 150 to 200 years rather seems to be issuing into a period in which the position of man as a pure work force will decline considerably in importance. In order to anticipate this development, or rather to turn it to the benefit of the individual and of society, a willingness to make substantial social innovations is needed.

9581

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DENMARK

NATIONAL LABOR UNION LISTS 35-HOUR WEEK AS TOP PRIORITY

LO Chairman States Program

Copenhagen AKTUELT in Danish 14 Sep 84 p 6

[Article by Hans E. Struckmann: "Three Main LO Demands in the Settlement Negotiations: 35-Hour Work Week--Minimum Wage Safeguard--Higher ATP-Pension Contribution"]

[Text] Reducing weekly work hours to 35 hours; securing uniform wage policy and minimum wages and doubling the ATP-pension contribution. These will be the three main demands in the upcoming wage negotiations.

This plan introduced by LO Chairman Knud Christensen was decided with full support at the meeting of the LO chairman yesterday.

These will be the three main demands which will be included in the settlement demands the unions will formulate. It was decided that, of course, the individual unions would formulate their own demands but the three demands that LO has presented will be included in these demands.

Knud Christensen said about the work hour demand:

"Together with the employers and the government we have had the opportunity to analyze the work hour issue and we can state that our main plan about shorter working hours remains unchanged. If we adjust the shorter working hours properly, the employment results will be positive along with positive results for the wage—earners' welfare and leisure time possibilities. Even if business and trade invest as much as promised, shortening of working hours is nonetheless necessary if we are to stamp out unemployment."

Christensen called attention to the fact that the lowest paid must be fully covered financially and that the same amount of compensation was sought for all.

Christensen also urged that the individual unions receive totally clear regulations on overtime compensation that cannot be avoided. These decisions are the pre-requisite for acquiring maximum employment along with shorter working hours.

The minimum wage safeguard is a factor in maintaining a uniform wage policy.

"After the government's renewed suspension of the automatic cost of living adjustment, we must and we will have brought about a system which for the lowest paid, at any rate, can secure the real wages against unforeseen price increases," said the LO chairman.

How the minimum wage guarantee will be implemented has not yet been decided, but several ways are being considered.

The demand of doubling the ATP-pension contribution means that the employer's contribution increases from 16.20 kroner a week to 32.40 kroner a week while the wage-earners' contribution increases from 8.10 kroner to 16.20 kroner a week.

"This is an urgently needed improvement for the ATP-pensioners that we are planning and we feel that it is necessary," sand Knud Christensen.

Moreover, LO recommends that the civil servants organizations recommend the three main demands for the sake of solidarity in the trade unions.

On the criticism of the three-part discussions Christensen said that the decision at the LO congress would be followed and nothing would be left undone to obtain good results for the wage-earners but if the discussions proved negative, LO would pull out. The next three-part discussions will take place 26 September.

Socialist People's Party Supports

Copenhagen AKTUELT in Danish 14 Sep 84 p 2

[Article: "Socialist People's Party Wants 35-Hour Week"]

[Text] "The most important demand at the upcoming wage negotiations is obviously to get the daily working hours reduced in favor of employment and equality," says the Socialist People's Party [SF] executive board.

The SF, therefore, supports the demand for the 35-hour work week, 7 hours a day with full wage compensation according to a statement from an executive board meeting.

9583

CSO: 2613/231

ECONOMIC

RESEARCH MINISTRY STUDY ASSESSES REGIONAL TECHNOLOGY PARKS

Duesseldorf WIRTSCHAFTSWOCHE in German 7 Sep 84 pp 22-27

[Text] Technology parks, praised as treasures of multi-operational as well as regional innovative activities, also involve dangers. A study grants only a few of these structures genuine chances for success.

In the Federal Research Ministry the expert's report "Technology Parks as a Means of Promoting Communal Economy" by the Bochum-based scientist Heinz Schrumpf may cause some fuss. Federal Research Minister Heinz Riesenhuber nevertheless is not passing up any opportunity to preach the growth policy blessing which can proceed from such projects through the stronger consciousness of the structural forces of a region.

That is the case, for example, when an industrial area, which is at the same time the site of a college, better utilizes the results of industrial research. But it goes the other way round, too. Not in vain do the promoters of a new industrial policy complain about a mountain of research results in German colleges which could equally benefit industry. If science and economy were to better cooperate in areas fertile for development such as the microelectronics industry, then immense growth policy successes could be achieved. Thus in the U.S. with the aid of such projects in the past 10 years around 20 million new jobs have been created primarily in smaller and medium-sized enterprises of the so-called High Technology Area.

The thoughts against this form of industrial policy expressed in the study of the Bochum Ruhr Research Institute for Innovation and Structural Policy [Rufis] are primarily of a regulatory nature. The enterprises which are namely supposed to be accepted in a technology park have to be carefully selected. "If, for example, as in Baden-Wuerttemberg, essential industry parks are allocated to the individual colleges of the federal land," writes Schrumpf, two problems arise because with this instrument the Land government promotes firstly only those technologies which in its opinion may be of special significance for the future. In the normal case they are those technologies which already have largely made a transition from the experimental to the application stage. Consequently, technologies discriminated against are those which do not enjoy much publicity and whose chances of success are still indefinite. In contrast, successful products are characterized by the fact "that in the normal case they represent innovations in which the results

of a basic technology (microelectronics) are combined into a new product with the results of a neighboring field such as, for example, that of optronics," states Schrumpf. From growth and labor market policy viewpoints, such innovations are by far more important than the actual basic technology. And the selection of the enterprises, too, involves numerous serious problems. Thus the chances of success of a project and its market potential have to be judged from the start. The two strategists responsible for this in the management of the technology park are overtasked with it. The result is that only those projects are accepted which are calculated to have good market potential to a high degree of certainty. But, in this way, according to the Bochum scientist, precisely those enterprises could be discriminated against which, to be sure, cannot offer such security, but if successful can expect particularly large market potential.

To be sure, the park management could thoroughly promote a consciously pro-risk enterprise policy, yet then it runs the danger that the entire park would very quickly suffer a setback if the lion's share of the projects started were to fail. In addition, the state selection of enterprises is generally connected with the problem that only original promoters and already existing enterprises enjoy support. Thus those areas would be discriminated against which, to be sure, are of great significance to the economy as a whole, but nevertheless would not be subsidized.

And Rufis sees still another danger: that the industrial parks could become an investment Moloch. In the Federal Republic basic research as well as the first stages of applied research namely belong to the state's scope of duties. The transformation of the results developed at universities and colleges into workable prototypes is promoted by the Federal Research Ministry and by Land programs. "If, through the technology parks, from now on the transformation of the prototype into a marketable product as well as the commencement of production is subsidized," the report states, "then the portion of public support can reach an extent which makes the remaining risk for the original promoters seem so minor that projects will be started with the goal of taxing public funds."

To be sure, each government swears the intention over and over to put an end to the subsidy mania, but even after the change of government in 1982 industry is still being abundantly inundated with subsidies. The critics of the industrial park policy according to the Baden-Wuerttemberg model perhaps even fear a regular mayorial race for public subsidies.

Heinz Schrumpf's summary: then the enterprises located in the parks could pursue a preservation policy which would not be viable in free competition.

12331

CSO: 3620/464

COMPLEXITIES OF PROPOSED KRAUSS-MAFFEI/MBB MERGER

Strauss Leads Merger Effort

Hamburg DER SPIEGEL in German 18 Sep 84 pp 76, 79

[Text] Franz Josef Strauss and the head of Messerschmidt-Boelkow-Blohm would like to construct a national armament center in Munich.

Now matter how persistent the denials, it still remains quite true: Friedrich Karl Flick would rather sell parts of his property in the Federal Republic today than tomorrow.

The present plans of the wealthiest German industrialist have startled economic leaders from Hamburg to Munich. Flick wants, if the price suits him, to give up the Munich tank firm Krauss-Maffei. The withdrawal of the billionaire leaves, to be sure, anything but a gap: In the southern part of the republic the German armament center is being formed.

There were already many potential buyers of the Munich firm Krauss-Maffei, which made the "Leopard 2": the Saudis would immediately pay the market price; the Swiss weapons manufacturer Dieter Buehrle would like to buy to be able to deliver the Leo to the Arabs. The U.S. firm, United Technologies (UTC), would like to have made Krauss-Maffei into a tank subsidiary of the auto firm, Crysler. But aside from the fact that UTC chief Harry Gray would like to have everything but does not want to pay much, all the buyers had something wrong with them: The Leo is too German to be sold to a foreigner.

Therefore Flick of rered the firm for sale years ago for 300 million marks to the state-owned Salzgitter steel firm, but the steel managers had enough problems of their own and refused, just as all other conferees did.

Finally the Flick people lost their patience and presented the British armament concern, Vickers, as a potential buyer. Whether the Englishmen really wanted to buy or were being used as decoys: The Krauss-Maffei sale got going.

When the head of the tank firm, Hans-Heinz Griesmeier, heard of the Vickers plans, he warned an old acquaintance: Hanns Arnt Vogels, now head of the

armament concern, Messerschmidt-Boelkow-Blohm (MBB), formerly employed by Flick, and at the time Griesmeier's board chairman.

Vogels had been fired by Flick, together with Eberhard von Brauchitsch. He owed his job in Munich to the Bavarian cabinet council president, Franz Josef Strauss, who saw the opportunity to get a top man for MBB.

Strauss has great plans for the Munich firm: In the Bavarian capital, just as in Ronald Reagan's California, there is to be, along with the computer center, the German armament center as well. With the francophile Vogels the weapons brotherhood with the French is to be expanded, so that in the long run the Europeans can become independent of the Americans. Strauss and Vogels agreed that Krauss-Maffei could serve the same purpose.

Casually, under the category, "Miscellaneous," Vogels told the large group of owners (see chart) at the board of directors meeting of his plan. The MBB chief presented the planned purchase as a national act: Bonn had urged the Munich people to step in so that the tank company would not fall into British hands.

The story is strange because the secretary in charge of armament questions in Bonn, Manfred Timmermann, does not think much of the Munich wedding. Timmermann is afraid of "a Moloch" in Munich.

Indeed, the combination MBB-Krauss-Maffei, with over 40,000 employees, would be an armament center beyond compare. The Bundeswehr would be supplied on land and in the air with tanks, missiles, "Tornados," and helicopters. Timmermann is not the only one who is afraid that with fewer firms the criticism of endangered jobs would become louder than before.

The call from Bonn, which Vogels had told his shareholders about, went right past Timmermann: Strauss arranged the mammoth solution with Chancellor Helmut Kohl. Thus it was only as a matter of form that some firms that have a part in the production of the Leo opposed the MBB-Kruass-Maffei connection.

Karl Diehl from Nuremberg, for example, a friend of Franz Josef Strauss, wanted to take part. "Karlchen," as the man at the end of his seventies is called in Bavaria, is now supplying the Leo with tracks and ammunition, and demanded a part of the purchase.

BMW chief Eberhard von Kuenheim also spoke to Strauss. He is the head of the board of directors of the Karlsruhe Firm IWKA, which repairs damaged Leos in special repair workshops. Kuenheim thought IWKA could take over the tank factory all by itself.

There is good reason for the lively interest in the Flick company: There is a lot of money to be made in tanks. The strictly secret profit calculation is about 17 percent. At a unit price of just four million marks and with a government that does less to hinder weapons exports than its predecessor, the rush for Krauss-Maffei is easily explained, even if 85 percent of the Leos are produced by the suppliers (see chart page 76).

Since neither Strauss nor Vogels wanted trouble with Diehl and von Kuenheim, the MBB head soon presented another plan. In it, he will be satisfied with the majority of Krauss-Maffei; the other two Leo suppliers, and if necessary a few others, may divide the rest of the booty.

With the shareholder variant, Vogels has almost reached his goal. Krupp from Essen, whose Kiel branch also makes Leos, didn't like the plan at first. Nor did Thyssen, whose subsidiary Henschel is also active in the tank business. The steel firms, both of whom own part of MBB, were assured that they could continue to take part.

For a while, Krupp even had the bold idea of buying Krauss-Maffei himself. But this displeased both the Cartel office and the tank buyers in Bonn: Krupp would have had a Leopold monopoly.

But Vogels could be stopped, even after the Cartel office agreed, by the Social Democrats in Hamburg. The Hansa city has a veto right in MBB. But no matter how much the SPD Bundestag delegate Hermann Scheer rails against the Munich merger as a member of the defense committee: The boys in Hamburg will go with Vogels.

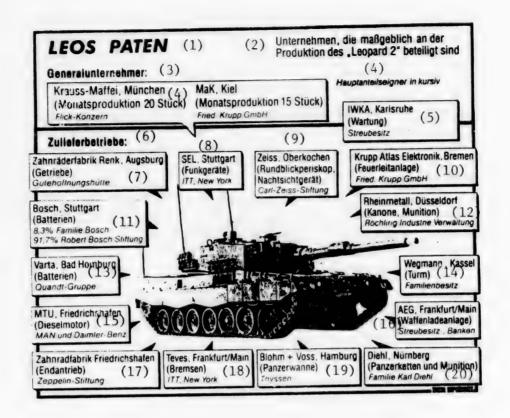
In the complicated game the Bavarians have prepared the way in Hamburg with a friendly gesture: When MBB builds the new airbus A 320, Hamburg will get most of the work.

But the Hanseatics distrust Vogels' future plans. With his weapons brotherhood with the French, they fear, the MBB chief could possibly get the idea of building the next generation of Leos together with Paris. For this possibility the Hanseatics want a guarantee that the production of tank hulls will stay in Hamburg with Blohm and Voss.

Therefore the game of merger will finally succeed according to the Vogels/ Strauss variant if one person goes along: Friedrich Karl Flick. But in the meantime the decisions of the head of the firm can hardly be calculated.

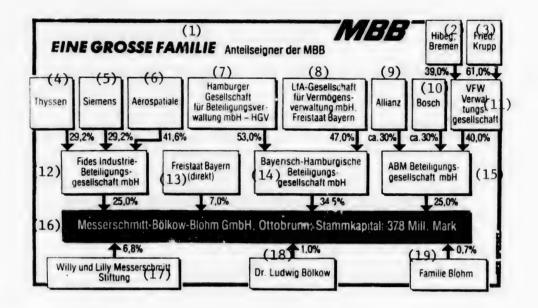
Just a few weeks ago, Flick had decided to sell the refined steel firm of Buderus to a bank for 50 million marks. Recently he only wants to give up the steel firm for 70 or 80 million. It is still not clear whether he will agree to the Krauss-Maffei price, which at present is supposed to be about 150 million marks.

A word from Flick could frighten away the flock around the Leo. But this is certainly not probable: In recent times the former Mercedes boss, Joachim Zahn, has become the most important Flick adviser. And Zahn supports the Vogels plan, which Strauss, too, definitely wants to push through.



Key:

- 1. Leo's godfathers
- 2. Firms with significant participation in the production of the "Leopard 2"
- 3. General Contractors
- 4. Krauss-Maffei, Munich (monthly production, 20 units) Flick firm MaK, Kiel (monthly production, 15 units) Friedrich Krupp, Ltd.
- 5. IWKA, Karlsruhe (maintenance) various owners
- 6. Firms that deliver parts
- 7. Renk toothed wheel factory, Augsburg (gears) Gutehoffnungshuette
- 8. SEL, Stuttgart (radio equipment) ITT, New York
- Zeiss, Oberkochen (panoramic periscope, night vision equipment) Carl-Zeiss Foundation
- 10. Krupp Atlas Elektronik, Bremen (fire control system) Friedrich Krupp, Ltd.
- 11. Bosch, Stuttgart (batteries) 8.3 percent the Bosch, 91.7 percent the Robert Bosch Foundation
- 12. Rheinmetall, Duesseldorf (cannon, ammunition) Roechling Industrie Management
- 13. Varta, Bad Homburg (batteries), Quandt Group
- 14. Wegmann, Kassel (turret) family possession
- 15. MTU, Friedrichshafen (diesel motors) MAN and Daimler-Benz
- 16. AEG, Frankfurt/Main (weapons loading equipment) various owners, banks
- 17. Toothed wheel factory, Friedrichshafen (rear drive) Zeppelin Foundation
- 18. Teves, Frankfurt/Main (brakes) ITT, New York
- 19. Blohm and Voss, Hamburg (tank hulls) Thyssen
- 20. Diehl, Nuremberg (tank tracks and ammunition) Karl Diehl family



Key:

- 1. A large family, Shareholders of MBB
- 2. Hibeg, Bremen
- 3. Friedrich Krupp
- 4. Thyssen
- 5. Siemens
- 6. Aerospatiale
- 7. Hamburg Society for Participatory Management, Ltd. HGV
- 8. LfA Society for Estate Management, Ltd. Free State of Bavaria
- 9. Allianz
- 10. Bosch
- 11. VFW Management Society
- 12. Fides Industrial Participation Society, Ltd.
- 13. Free State of Bavaria (directly)
- 14. Bavarian-Hamburg Participatory Society, Ltd.
- 15. ABM Participatory Society, Ltd.
- 16. Messerschmitt-Boelkow-Blohm, Ltd. Ottobrunn, capital stock 378 million marks
- 17. Willy and Lilly Messerschmidt Foundation
- 18. Dr. Ludwig Boelkow
- 19. the Blohm family

Federal Cartel Office Skeptical

Duesseldorf HANDELSBLATT in German 12 Sept 84 p 12

[Text] The planned takeover of the Flick concern's tank manufacturer, Krauss-Maffei, Ltd., Munich, by the aerospace concern, Messerschmidt-Boelkow-Blohm, Ltd. (MBB), Ottobrunn, is being very critically evaluated by the Federal Cartel Office in Berlin.

According to well-informed industrial sources, it is clear that a 49 percent MBB share of Krauss-Maffei is planned, with the corresponding assurance of managerial leadership. The rest of the shares will be held by the Diehl group, which is also engaged in armaments, as well as by banks and a small circle of independent shareholders.

The reservations of the protectors of competition in Berlin are based — as could be determined further — probably first of all on the fact that by such a merger a market-dominating armament concern would be created. In other areas as well there would be a mutual strengthening of the market position. For example, Krauss-Maffei attains an estimated market value of 50 percent in locomotives, while MBB is very active in the development and research of subways and high-speed railways and magnetic railways.

However, up to now there has been no official request for this merger, the spokesman of the Federal Cartel Office, Hubertus Schoen, said. Only in the framework of an informal conversation has the MBB sent out its feelers up to now on how the takeover of the industrial leadership of Krauss-Maffei would be evaluated. However, Schoen didn't want to go into details on the content because of the informal and confidential character of this preliminary discussion.

9124

CSO: 3620/2

JOB TRAINING SHORTFALL COULD BRING YOUTH ALIENATION

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Aug 84 pp 18-21

[Article: "Dangerous Logjam"]

[Text] On 30 September, there will come the moment of truth. The apprenticeship statistics will show how many young people will be left without a vocational training place. Experts are worried. Bonn remains silent, however.

The interim results are alarming: At the end of July, the Federal German employment centers recorded 212,900 unplaced applicants for 41,807 registered training vacancies. Compared with the previous year, this represents a 20-percent increase in demand. And yet, the 1983 total of 677,700 new apprenticeship contracts had been a record. Including the 19,600 unfilled training places registered with the employment centers, there actually were available 697,300 training positions. This was still not sufficient, however. The promise of a vocational training place that Federal Chancellor Kohl had made during the federal parliamentary elections was not kept. For the target date of 30 September 1983, the 1984 vocational training report of the Federal Ministry for Education and Science shows: 47,400 young people had pinned their hopes on the chancellor in vain.

The German Trade Union Federation quotes even higher figures. For if one adds to the Bonn calculations another 29,800 registered applicants who with the aid of temporary advanced training and assistance programs managed to weather the vacancy shortfall, one counts close to 80,000 unsuccessful applicants. These young people are not included in the statistics; nevertheless, they still want to be placed by the employment agencies. According to the German Trade Union Federation, one must also include those applicants who after the beginning of the apprenticeship year stopped consulting the employment center, but failed to find a training position on their own initiative.

Thus, in 1983 a total of 757,700 young people sought job training in industry, i.e. an excess of 100,000 over the Federal Education Ministry's projections for the 1983/84 training year. This erroneous forecast resulted in part from the changes in job preferences among college-bound youths. Twenty-three percent of the high school graduates were looking for a training position. The estimates had been as low as 13 percent. Moreover, in regard to the share of

vocational school graduates and of young people who did not find a training place after years of searching, the Federal Education Ministry's estimate of 14 percent fell short by over 50 percent.

The Federal/State Commission for Educational Planning and Research Promotion has tried to incorporate these results in its forecast for the current year. Thus, for 1984 the Federal Government anticipates 735,000 applicants for industrial training positions—an increase of 10,000 over 1983. To be sure, Hermann Schmidt, secretary general of the Federal Institute for Vocational Training, considers this figure to be conservative. He assumes the demand for training places will exceed all expectations this year.

To the Bavaria State Association of the Federal Association of the Self-Employed, such "alarming reports on an apparent shortage of 200,000 vocational training places are an indication of the fact that the employment centers are becoming increasingly ineffectual." The association stated a quick poll of approximately 200 member enterprises in Bavaria had shown that over 60 percent of the privately owned enterprises were doing without the services of the employment centers. Approximately 35 percent of the enterprises polled were somewhat or totally dissatisfied with the services of the employment centers. The industrialists blame an "ossified bureaucracy" for the employment centers' failure to control the apprenticeship market.

In fact, the situation of the employment centers is getting more and more difficult. According to the interim results of the Federal Labor Office, during the period from October 1983 until June 1984 a total of 591,400 young people turned to the employment centers to find a training position. During this period, enterprises and administrative agencies reported 407,800 training vacancies. Thus, as compared to the previous year, demand increased by 9 percent, while the supply declined by 1 percent.

Whereas in 1981/82 72 percent of all openings were reported to the Nuremberg agency, last year this quota declined to 66 percent. The regional differences are considerable, however. The Koblenz Chamber of Industry and Commerce, for example, points out that by mid-July 1983 no more than 60 percent of the new apprenticeship contracts eventually concluded in the chamber district by the end of the year had been signed. Says Hans-Guenther Michel, executive director of the Koblenz Chamber of Industry and Commerce: "We feel this justifies the hope that matters will not get worse this year." To be sure, the Koblenz chamber's ever-hustling administrators are combing all registered enterprises for training vacancies.

The Duesseldorf Chamber of Commerce and Industry likewise is still listing training vacancies for 1984. And during the period from January to June 1984 the chamber district was able to raise the number of newly registered apprenticeship contracts from 4,535 to 4,987, i.e. a 10-percent increase over the preceding year. The Duesseldorf administrators, too, systematically contact enterprises that have never had any apprentices. In 1983, they were thus able to enlist 340 new training enterprises. In Bremen, the Senat [City Council] and the Chamber of Commerce even tried personal persuasion to get company managers to cooperate (see box) [not included].

Another project whose outcome is uncertain is the "Meister-Aktion" [Master Program]: In collaboration with the Association of German Artisan Chambers, Dorothee Wilms induced a few hundred retired instructors and master craftsmen to visit approximately 60,000 workshops. Through personal contact, they are to promote establishment of additional training places.

The Joint Training Program—much touted by politicians—appears to be a mere buzzword rather than a promising project, at least as far as creation of additional training places is concerned. Joint training programs have long been practiced by large-scale enterprises where they have been part of the effort to reduce fixed overhead. And the inter-plant training shops of resourceful chambers of industry and commerce are oriented toward the same goal. The Koblenz Chamber of Industry and Commerce, for example, established its first workshop—a self-help project for small and medium—size enterprises—as early as 1967.

In the course of reactivation of the joint-training concept, the Duesseldorf Chamber of Industry and Commerce has been trying to interest enterprises in this idea. "The response is not overly positive," chamber officials reported. In small specialized enterprises, training facilities are often very limited and they are therefore not allowed to offer training places. But if they pool their resources in a joint training program so as to cover the entire training spectrum of a particular job, "things tend to get muddled," says the Duesseldorf chamber. According to chamber officials, it is difficult to find enterprises willing to assume the function of a coordinating parent company.

The sales organization of the Duesseldorf AEG-Telefunken Anlagentechnik [AEG Electrical Systems] has taken on this responsibility. The organization trains energy and electronics experts. For a fee of DM 50 per day, apprentices of small enterprises can take AEG courses so as to learn what their own training enterprise cannot teach them. The small partner enterprise also has to defray the costs of the training program. So far, however, the program has not been very popular. To the Federal Institute for Vocational Training, which has long been promoting the joint training system, this reserve is puzzling. The institute found that not even the public sector takes advantage of the opportunity of joint training. The institute itself--along with other federal and state agencies--has in the past few years produced good results with this form of training. In 1983, it provided training for 33 young people, and this year, for 38.

Furthermore, it is questionable whether another measure—taken to create additional training places—will be more effective. Critics suspect that the positive effects of Bonn's new regulations concerning flexible working hours for young people may have been offset by the simultaneous expansion of vocational school instruction.

Success is urgently needed. Even if in 1983 there were more training vacancies than ever, this could not obscure the fact that since the introduction of official vocational training statistics the ratio of unsuccessful applicants to unfilled training places has never been worse.

And the number of individuals requesting vocational training keeps rising. A further increase was registered for applicants qualified to enter universities and technical colleges: In late June, the Nuremberg Federal Labor Office recorded for this category a 32-percent increase over 1983. At the same time, the number of those who in the last few years did not succeed in securing a training place and thus still lack vocational qualification is rising year after year.

This situation practically is a time bomb. For due to the continuing automation, unskilled laborers hardly have a chance of gradually acquiring the requisite qualifications. "So this is a social as well as a labor market problem," comments the Duesseldorf Employment Center, appraising the situation. Says Werner Marquis, the agency's press officer: "You can forget those who between the ages of 18 and 21 just bum around. After all, it is the vocational training that enables the young people to get used to the working world. Many of them have never seen an industrial enterprise from the inside."

From this point of view, it makes sense to provide young people with training exceeding immediate requirements—at least if they then have a chance of finding a position elsewhere. The Federal Railway, for example, will take on this year 3,300 apprentices who upon completion of the apprenticeship will not be employed by the organization. The costs of the training are met by the Federal Government.

This is not a permanent solution to the problem, however: After 3 years at the latest, it will resurface in the statistical report entitled "Unemployed After Industrial Job Training," which has been published by the Federal Labor Office since September 1982. Whereas from September until December 1982 registered unemployed trainees numbered no more than 15,800, in 1983 there were 119,600, and from January to July 1984, as many as 52,600. These are dismal results, for the technological development increasingly calls in question the thesis that in better times the trainees can easily be integrated into the labor market. Even today, many enterprises start the first advanced training programs as early as 2-3 years after completion of the apprenticeship, in order to keep the employees abreast of the latest developments.

Far worse off, however, are those young people who at the end of a vocational guidance year did not find any training place. "We are running into a logjam that is getting bigger and bigger and that will not be cleared away very soon," comments Friedemann Stooss, head of the vocational research department at the Nuremberg Federal Labor Office's Institute for Labor Market and Occupational Research. "On this subject, all figures will be controversial."

The constantly rising number of young people without training also dims the prospects of those who vainly tried to secure a training place and who then for the time being mark time—by continuing school, for example—so as to enter the labor market at a later date. This also goes for young people who temporarily do odd jobs and then show up again as applicants at the employment center. There are no statistics on either group, except for cases where the individuals concerned explicitly uphold their request for a training

place—which is advisable. According to the Vocational Training Report, from October 1983 until March 1984 approximately 9,000 applicants were placed this way. Another group marking time are the participants in a vocational training program financed by the employment centers. It includes persons who did not explicitly uphold their request to be placed; last year, this category totaled 41,200.

By no means, however, does advanced training guarantee a training place. Even the graduates of the Basic Vocational Training Year--in 1982/83, approximately 99,000 youths--often have difficulty finding a training place. Many enterprises refuse to credit a year's apprenticeship taken in vocational school against the training period, even though this is prescribed by law-a law affirmed as late as July by a judgment of the Berlin Federal Administrative Court. At present, nobody knows what to do to help young people who despite years of striving failed to secure a meaningful job. In North Rhine-Westphalia, alone, the Federal Government, the State Government and the Federal Labor Office maintain a total of 52 programs, all of which are designed to help those who have so far been unsuccessful to enter the labor market. "How is this going to end?" asks Paul Saatkamp, the director of the Duesseldorf Youth Agency. "We are supposed to motivate the young people. But toward what? If we are no longer able to provide the socialization factors training and job, our work lacks a concrete foundation."

Prior to 1990, however, relief is not to be expected. Saatkamp considers it practically impossible for the young people to weather such a long haul: "If on graduating from high school they face unemployment, many will be on drugs within 2-3 years and it will be impossible to rehabilitate them." The youth agency's head sounds a warning, pointing to the consequences if the problem is not solved soon. He says that many of the persons concerned typically show mental inflexibility coupled with inarticulateness. "This is dangerous, because these young people are liable to opt for violence as a means of solving conflicts."

8760

CSO: 3620/439

ECONOMIC

TRADE AGREEMENT WITH USSR FOR 1986-1990 SIGNED

Typified by 'Controlled Growth'

Helsinki HELSINGIN SANOMAT in Finnish 26 Sep 84 p 27

[Article by Mikko Eronen: "Controlled Trade Growth"]

[Text] Moscow--From this perspective an agreeable and good achievement, commented Foreign Trade Minister Jermu Laine (Social Democrat) a little earlier on Tuesday after signing the general commodity exchange agreement between Finland and the USSR for the years 1986-90.

The Soviet counterpart in Moscow's Kremlin ceremoniously signing the agreement was Foreign Trade Minister Nikolay Patolichev, who will now be leaving the leadership of the Finnish-Soviet Economic Commission.

Finnish Prime Minister Kalevi Sorsa (Social Democrat), who began an official visit to Moscow on Tuesday and conducted official negotiations with his host, Prime Minister Nikolay Tikhonov, expressed his gratitude to Patolichev in this connection for his pioneering work in Finnish and Soviet economic cooperation.

Sorsa is the Finnish chairman of the economic commission and his new counterpart will be First Deputy Prime Minister Ivan Arkhipov.

The value of the general agreement signed on Tuesday in current world market prices is calculated to be approximately 28 billion rubles, which means a full 10-percent increase over the final sum of 25 billion rubles calculated in current prices for the current general agreement. The growth percentage seems to be controlled, and apparently "no air has been pumped" into the agreement.

This 28 billion rubles seems to the upper limit to which it is considered the value of the agreement can reach, the air seems to be calculated at the top end.

It was estimated that the forthcoming general agreement will amount to 22-24 billion rubles in the commodity exchange schedule connected with the long-term program in existence since 1980 and will in any event clearly exceed this figure.

The intent of this eighth five-year agreement is to maintain the present level of trade, but also to increase it slowly.

Even in the next 5-year period imports to Finland from the USSR will primarily consist of energy products, of which imported oil will, for the most part, remain as before, imported natural gas will double to 2.2 billion cubic meters annually, and imported electricity and coal will increase slightly.

Long-term energy imports are traditionally included in the long-term plan, and they, therefore, make up the lion's share of imports.

The agreement to expand the natural gas network between Finland and the USSR was not completed by the time of the signing of the general agreement.

Machine Imports Will Increase Substantially

Machine and equipment imports from the Soviet Union will double and their value will increase to approximately 2,200 million rubles. A large portion of the commodity exchange belonging to the machine and equipment group will fall in the sphere of production cooperation in the new agreement.

This was now included in the general agreement for the first time. Sorsa and Tikhonov also directed attention to the opportunities of production cooperation and its future. There are now approximately 40 production cooperation projects.

Production Cooperation Growing

"Production cooperation will diversify exports as well as imports of the metal industry, stated Laine on Tuesday. The base of metal industry imports from the Soviet Union will expand so that a transition will be made to more refined and highly technical products such as robots, automated machine tools, and remote controlled equipment. Some of these are already included in the sphere of planned production cooperation.

The third large area of imports is timber, whose value will increase to approximately 400 million rubles.

The metal industry continues to play a leading role in Finland's exports. It amounts to 45 percent and almost half of this comes from production cooperation. Exports of couplings will remain at approximately the same level or 2.6--3 billion.

Exports of ships and related equipment will remain at approximately the same level or at 2.6-3 billion rubles.

The traditional exports of projects or construction services accomplished primarily in the Soviet Union are valued at 1.2 billion rubles in the new general agreement. Construction projects will continue to make up approximately 10 percent of Finland's total exports.

Exports of consumer goods will exceed the 1-billion ruble limit for the first time.

Cellulose Plant Agreement

On Tuesday morning Finn-Stroi signed a contract in Moscow for the renovation of a cellulose and paper plant in Viipuri [Vyborg]. The value of this contract is more than 1 billion markkaa.

The renovation and expansion of the above-mentioned plant will provide employment for 1,500 Finns. The work will begin immediately and it is expected that the contract will be completed by the beginning of 1988.

The cellulose plant is located in Sovetskiy, the former Johannes, approximately 30 kilometers from Viipuri.

The construction contract includes the renovation of the existing wood processing and cellulose plant building and the construction of completely new industrial and housing projects. After the renovation the capacity of cellulose production will be increased to 60,000 tons annually.

New Plant Next to Old One

A new paper plant, which is designed to produce 60,000 tons annually, will be built adjacent to the present plants. The processing plant to be built in conjunction with it will be the largest single project of the contract and will produce coated paper for use in food packaging.

Other new projects will include, among other things, warehouses for the paper plant, a boiler plant, a yeast plant, and an evaporation plant.

Housing for 2,300 people as well as public and service buildings will be constructed in Sovetskiy. The area will include a kindergarten, a store, a pharmacy, and a dormitory.

The Soviet client and foreign trade association, V/O Prommashimport [All-Union Association for the Import of Industrial Machinery], will act as the chief planner of the whole project.

Machine Deliveries Being Negotiated

The Finnish manufacturers of cellulose and paper-making machinery are also included in the negotiations on the delivery of machinery and equipment for the plants. If the Soviets order a complete package from abroad, its price will increase to approximately 1.5 billion markkaa.

All the most important Finnish manufacturers are participating in the bidding competition. The Austrian Voithia Firm is considered to be the most formidable foreign competitor.

A solution to the machine question is expected within the current year.

Workers From Southeast Finland

Finn-Stroi's contract includes the construction of industrial and housing projects as well as related architectural, construction, and electrical planning as well as area and municipal infrastructure planning.

At its height the contract will provide employment for approximately 1,500 Finnish workers in the spring of 1986. The majority of the workers will come from Southeast Finland through the labor office in Lappeenranta according to Finn-Stroi.

As in Kostamus, the majority of the Finnish construction workers will live in Sovetskiy during the week and return home on the weekends.

The large construction firms of Perusyhtyma, Haka, Polar, and YIT will be involved along with Finn-Stroi. The Finnish firm of Matrac, which is owned by Rakennus-Ruola and MNK, also participated in the bid.

The renovation of the cellulose plant in Viipuri has been under consideration since the beginning of the 1980's.

Soviet Foreign Trade Minister Nikolay Patolichev and Finnish Foreign Trade Minister Jermu Laine, among others, were present at the signing ceremonies on Tuesday.

Trade Items, Amounts Listed

Helsinki HELSINGIN SANOMAT in Finnish 26 Sep 84 p 28

[Listing of items in Finnish-Soviet General Trade Agreement]

[Text] From the Soviet Union to Finland

Name of commodity	Unit	1986	1987	1988	1989	1990
Machinery and equipment						
Machine tools and forge clamps for	or					
metal industry, industrial robo	ts					
and flexible production lines as	S					
well as their spare parts,	thous.	5500	6750	10000	12300	13100
of which deliveries are based	rubles					
on production cooperation	**	2000	2500	3500	6000	6000
Power plant as well as electri						
cal machinery and equipment,	**	2300	3600	5300	5700	7600
of which deliveries are based						
on production cooperation	**	800	1200	200	3500	4500
Machinery, equipment, and spare						
parts for nuclear power plants	**	1000*)	1000*)	1000*)	1000*)	1000*)

Name of commodity	Unit	1986	1987	1988	1989	1990
Mining machinery, crushing and milling equipment, boring equipment as well as peat industry						
equipment their spare parts,	thous.	1300	1400	1500	1800	2000
production cooperation are	"	400	400	400	400	400
Hoisting and transport equip- ment, road construction ma- chinery as well as their spare						
parts, of which deliveries based on	••	1000	1200	1400	1600	1800
production cooperation are Rolling and metallurgical	••	500	600	700	800	900
equipment and machinery Cellulose and paper industry	••	16000	4000	1000*)	1000*)	1000*)
machinery and equipment, in-						
cluding production cooperation Pumps and compressors as well as	**	1580	1740	1900	2280	2500
chemical industry equipment, of which deliveries based on	••	1200*)	1200*)	1200*)	1200*)	1200*)
production cooperation are	**	1000*)	1000*)	1000*)	1000*)	1000*)
Printing and textile industry machinery and equipment in-						
cluding production cooperation Foodstuffs industry and produc- tion machinery and equipment	"	300	350	400	450	500
including production coopera- tion	••	300	300	300	300	300
Scientific-technical measuring and calibration equipment, x-ray equipment, nuclear engineering equipment and communications e- quipment as well as their spare parts, including production coop-						
eration Electronics industry machinery and equipment, including computers and	"	1200	1500	1700	2000	2200
electronic components,		19000-	19000-	19000-	19000-	19000-
of which deliveries based on		20000	20000	20000	20000	20000
production cooperation are	**			18000-		
Radio and telephone equipment		19000	19000	19000	19000	19000
based on production cooperation	11	7000	15000	36000	36000	36000
Medical machinery and equipment and medical instruments,	••	490	520	520	530	540
of which deliveries based on						
production cooperation are	**	400	400	400	400	400
Bearings Tools, including artificial dia-	"	1500	1600	1700	1800	1900
monds and hard metal tools	"	700	740	770	810	850

						,
Tame of commodity	Unit	1986	1987	1988	1989	1990
Tractors	Piece	600 -	650 -	750- 800	800 -	850- 900
Farm machinery and equipment, including production coop- eration Forest and wood processing in-		2000	2000	2000	2000	2000
dustry machinery and equip- ment, including production cooperation	thous.	1500*)	1500*)	1500*)	1500*)	1500*)
Trucks and vans and special- ized vehicles, including						
production cooperation Automobiles	Piece "	260 11500- 12000	265 11500- 12000	270 12000 12500	275 12500- 13000	285 12500- 13000
Spare parts for automobiles, tractors as well as farm and forestry machinery as well as maintenance and repair equip-	thous.					
ment	rubles	2060 - 2200	2090 - 2250	2130- 2300	2170- 2350	2220- 2400
(engines, among other things), including production cooperati Durable consumer goods, includitelevisions, radios, electric household appliances, clocks,	ng ca-	00*) 3500	00*) 400	000*) 4	5000*) !	50000*)
meras, movie cameras, as well their spare parts Rolling stock with spare parts,	**	550	600	650	700	800
including electric engines, wheels and axles Deliveries within the framework		1000*)	1000*)	1000*)	1000*)	1000*)
of production cooperation for specialized railroad cars Aircraft, helicopters and	" 150	00*) 1900	00*) 23	000*) 30	0000*)	33000*)
aviation equipment Machinery and equipment for	**	500	2500	500	2500	2500
gas pipeline construction	**	10000	P.M.	P.M.	P.M.	P.M.
Machinery and equipment to be negotiated by the parties late	r "	50000	55000	60000	65000	70000
Other machinery and equipment, including production cooperati	on			P.M.		
Licenses as well as consulting services concerning industrial production methods and equip-						
ment	11	1500	1600	1700	1800	1900

Name of commodity		Unit	1986	1987	1988	1989	1990
Solid Fuels							
Coal and anthracite	thou	s. tons	1000*)	1000*)	1000*)	1000*)	1000*)
Coke		**	800	800	800	800	800
of which the highest per-	-						
centage of sulfur is 0.7		**	580	580	580	580	580
Coking coal					P.M.		
Crude oil and oil products							
Crude oil		**	8500-	8500-	8500-	8500-	8500-
			9000	9000	9000	9000	9000
Diesel oil		**	1500-	1500-	1500-	1500-	1500-
			2000	2000	2000	2000	2000
Heavy fuel oil			1400	1400	1400	1400	1400
Lubricating oils		**	15-20	15-20	15-20	15-20	15-20
Light and heavy gas							
condensates		••	200	200	200	200-	200-
						250	250
BIF					P.M		
Other oil products	thous.	rubles	4500*)	4600*)	4800*)	4900*)	5000*)
Natural gas	billion	ns of					
	cubic n	neters	1.0*)	1.2*)	1.5*)	1.8*)	2.2*)
Electric energy	billion	ns of kWh	4.5-5	4.5-5	4.5-5	4.5-5	4.5-5
Nuclear power plant fuel	tn U		28	28	28	28	28
Enrichment of nuclear							
fuel	kg SWU	130000*)	130000*	13000	0*) 130	000*) 13	30000*)
Asbestos	tons	300-	-500 200-	-400 200	0-400 2	00-400	200-400
Ores and concentrates							
Iron ore concentrate	thous.	tons 350-	-400 3 50-	-400 350	0-400 3	50-400	350-400
Pellets		**	400*)	400*)	400*)	400*)	400*)
Iron and steel							
Compound metals		**	14	14	14	14	14
Scrap steel		**	60-100	60-100		60-100	
Rolled products		**	25-35	25-35	25-35	25-35	25-35
Tin-plated sheet metal		**			P.M		
Metal products	thous	rubles	500	500	500	500	500
Nonferrous metals							
Copper	thous.		10		10		10
Lead		11	10				10
Nickel	t	ons	500	500	500		
Aluminum	thous.		15*)		•		15*)
Rolled aluminum products		"			1-1.5		
Nonferrous metal wastes t	hous. ru	ibles 1000	00*) 100	00*) 10	000*) 1	0000*)	10000*)
Chemical products							
Ammonia	thous.		200				200
Calcinated soda		**	20*)				20*)
Creosote oil		99	3	3	3	3	3
Toluene		**	5*)	5*)	5*)	5*)	5*)
Methanol		**	50-65				
Tall oil		9 9	5*)		5*)	5*)	5*)
Bolus alba		**	5	5	5	5	5

Other chemical products, including carbamide thous. rubles 15000 17000 19000 22000 250000 250000 25000 25000 25000 25000 25000 25000 25000 25000 25000 25000 250000 25000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 250000 2500000 250000 250000 250000 250000 250000 2500000 2500000 2500000 2500000 2500000 2500000 2500000 2500000 2500000 2500000 2500000 2500000000	Name of commodity		Unit	1986	1987	1988	1989	1990
including carbamide Medicines and medical products	Carbon disulphide	thous.	tons	1.5*)	1.5*)	1.5*)	1.5*)	1.5*)
Medicines and medical products " 2000- 2000- 2000- 2000- 20								
### Products	_	thous.	rubles	15000	17000	19000	22000	25000
Fertilizers Apatite concentrate Potassium salt (K ₂ 0 60%) thous. tons Synthetic rubber Automobile tires Construction materials Gypsum rock Fire-resistant materials for metallurgical industry Timber Lumber Lumber Lumber Lumber thous. cubic kilometers loud- 1000- 100	Medicines and medical							
## Pertilizers Apatite concentrate	products		**	2000-	2000-	2000-	2000-	2000-
Apatite concentrate Potassium salt (K20 60%) thous. tons 100- 100- 100- 100- 100- 100 150 150 150 150 150 Synthetic rubber tons Automobile tires piece 1300 1300 1300 1300 1 Construction materials Gypsum rock thous. tons 35 35 35 Fire-resistant materials for metallurgical indus- try " 2 2 2 2 2 Minerals used in construction industry Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000- 1100*) Wood fiber 2700-				3000	3000	3000	3000	3000
Potassium salt (K ₂ 0 60%) thous. tons	Fertilizers							
Synthetic rubber tons 1200 1200 1200 1300 1300 1300 1300 1300	Apatite concentrate					P.M.		
Synthetic rubber tons 1200 1200 1200 1300 14 Automobile tires piece 1300 1300 1300 1300 1300 15 Construction materials Gypsum rock thous. tons 35 35 35 35 Fire-resistant materials for metallurgical industry "2 2 2 2 2 2 Minerals used in construction industry P.M. Timber Lumber thous. cubic kilometers 1000- 100	Potassium salt (K20 60%)	thous.	tons	100-	100-	100-	100-	100-
Automobile tires				150	150	150	150	150
Construction materials Gypsum rock thous. tons 35 35 35 Fire-resistant materials for metallurgical indus- try " 2 2 2 2 Minerals used in construction industry " P.M. Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000- 1000- 1100*) 1100*) 1100*) 1100*) 1100*) 1000*) 1000 Wood fiber 2700- 27	Synthetic rubber	tor	ns	1200	1200	1200	1300	1400
Gypsum rock thous. tons 35 35 35 35 Fire-resistant materials for metallurgical indus- try " 2 2 2 2 2 Minerals used in con- struction industry P.M. Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000 Wood fiber 2700-	Automobile tires	pied	ce	1300	1300	1300	1300	1300
Fire-resistant materials for metallurgical indus- try " 2 2 2 2 2 Minerals used in con- struction industry P.M. Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000 Wood fiber 2700-	Construction materials							
for metallurgical industry " 2 2 2 2 2 2 Minerals used in construction industry P.M. Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000* 1100*) 1100*) 1100*) 1000*) 1000* Wood fiber 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2900*) 2000*) 2000*	Gypsum rock	thous	. tons	35	35	35	35	40
## Try ##	Fire-resistant materials							
Minerals used in construction industry Timber Lumber thous. cubic kilometers 1000-	for metallurgical indus-							
Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000 1000 1100*) 1100*) 1100*) 1000*) 1000*) Wood fiber 2700- 27	try		**	2	2	2	2	2
Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000 1100*) 1100*) 1100*) 1100*) 1000*) 1000* Wood fiber 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2900*) 2000*) 2000*) 2000*) 2000*) 2000*) 2000*) 2000*) 2000*) 2000*) 200	Minerals used in con-							
Timber Lumber thous. cubic kilometers 1000- 1000- 1000- 1000- 1000 1100*) 1100*) 1100*) 1100*) 1000*) 1000* Wood fiber 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2700- 2900*) 2000*) 2000	struction industry				P.M.			
Rilometers 1000- 100	•							
Wood fiber 2700- 2	Lumber	thous.	cubic					
Wood fiber 2700- 2		kilomet	ters	1000-	1000-	1000-	1000-	1000-
Wood fiber 2700- 2				1100*)	1100*)	1100*)	1000*)	1000*)
Other timber products, including cuttings and chip thous. cubic meters 200 200 200 200 Cotton thous. tons 7 7 7 7 7 Furs and raw materials for furs thous. rubles 1000 1000 1000 1000 1000 Foodstuffs and raw materials for their production Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)	Wood fiber			2700-	2700-	2700-	2700-	2700-
including cuttings and chip thous. cubic meters 200 200 200 200 200 200 200 200 200 20				2900*)	2900*)	2900*)	2900*)	2900*)
including cuttings and chip thous. cubic meters 200 200 200 200 200 200 200 200 200 20	Other timber products,							·
thous. cubic meters 200 200 200 200 Cotton thous. tons 7 7 7 7 Furs and raw materials for furs thous. rubles 1000 1000 1000 1000 10 Foodstuffs and raw materials for their production Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)								
meters 200 200 200 200 200 200 200 200 200 20	9	thous. cu	ubic					
Cotton thous. tons 7 7 7 7 Furs and raw materials for furs thous. rubles 1000 1000 1000 1000 1000 1000 1000 10				200	200	200	200	200
furs thous. rubles 1000 1000 1000 1000 10 Foodstuffs and raw materials for their production Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)	Cotton	thous. t	tons			-		7
furs thous. rubles 1000 1000 1000 1000 10 Foodstuffs and raw materials for their production Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)	Furs and raw materials for							
Foodstuffs and raw materials for their production Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)		thous,	cubles	1000	1000	1000	1000	1000
for their production Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)	Foodstuffs and raw materia			2000				
Salt, including vacuum salt thous. tons 80**) 80**) 80**) 80**) 80**)								
	•	lt thous	s, tons	80**)	80**)	80**)	80**)	80**)
Canned fish and crab P.M.				00)	,		/	,
Telle	commed Libit did Cidb					2 0111		

^{*)} of which 500,000 cubic kilometers of lumber and 700,000-800,000 cubic kilometers of wood fiber is imported annually providing that agreement can be reached between the parties with respect to the logging of forests in the USSR and the delivery of logging and forestry machinery and equipment from Finland to the USSR.

Fodder for animals (fish)
Other goods
thous. rubles

M.P.

10000- 10000- 10000- 10000- 10000- 15000 15000 15000

^{**)} possible overruns.

Raw material and foodstuffs procurements delivered by the Finns for construction projects to be built on Soviet territory Soviet construction services conducted on Finnish territory Border area trade between Finland and the USSR

In accordance with contracts
In accordance with contracts
In accordance with contracts

From Finland to the Soviet Union

Name of commodity	Unit	Total for years 19861990
Machinery and Equipment		
Forest and wood processing		
industry machinery and		
	rubles	375000
of which deliveries based		
on production cooperation	**	75000
Cellulose and paper industry		
machinery and equipment,	**	300000-350000
of which deliveries based		
on production cooperation	**	15000
Chemical industry machinery		
and equipment, including		
metal surface treatment		
equipment,		P.M.
of which deliveries based		
on production cooperation		
Hoisting and transfer equipment,		
including elevators, various		
types of cranes, trucks, dock tractors, container transport		
equipment, hydraulic hoisting		
equipment and transfer loading		
equipment,		275000300000
of which deliveries based on		273000 300000
production cooperation are	**	10000
Mining and metallurgical indus-		10000
try machinery and equipment, in-		
cluding boring equipment and		
tools,	**	160000
of which deliveries based on		
production cooperation are	99	10000
Pumps, compressors and aviation		
equipment,	**	40000
of which deliveries based on		
production cooperation are	99	15000
Environmental protection equip-		
ment	9.9	P.M.

Power management and elec- trical engineering machinery and equipment, including nu- clear power plant machinery		
and equipment, of which deliveries based on	thous. rubles	100000
production cooperation are Specialized rolling stock based on production coop-		35000
eration Industrial robots and flex-	O	450000*
ible machine tool systems, of which deliveries based on	**	100000
production cooperation are Specialized vehicles based on	"	75000
production cooperation are Machinery and equipment for	"	50000*)
energy conservation Electronics industry machi- nery, instruments, and e-	•	P.M.
quipment, of which deliveries based on	**	240000
production cooperation are Radio and telephone equipment,	11	200000 575000
of which deliveries based on		
production cooperation are Cable industry machinery and		490000
equipment Food production machinery and equipment, including packaging	" ng	40000*)
machines, of which deliveries based on production cooperation are	"	100000 M.P.
Farm machinery and equipment, of which deliveries based on		80000*)
production cooperation are Cold storage facilities and equipment for trade and in-	n .	50000*)
dustry Construction designs, metal structures, and industrial	"	30000*)
buildings Medical equipment and instru-		M.P.
ments, of which deliveries based on	"	45000
production cooperation are Other machinery and equipment, transport vehicles, earth moving equipment, construction m	" ''-	6000
terials and element industry machinery and equipment, specalized machine tools, steel	ei-	

freight containers, equipment for large kitchens and stores, fittings, welding equipment, household applithous. rubles 200000*) ances, and so on, of which deliveries based on production cooperation are P.M. Licenses and consulting services concerning industrial production methods and equip-P.M. ment Ships, Ship's equipment, repairs, and spare parts 2600000-3000000 (All types of icebreakers, tanker ships, cable-laying ships, dry cargo ships, tug-boats, river and sea-going ships, research ships, ships intended for continental shelf areas, and so on.)

	Unit	1986	1987	1988	1989	1990
Cable Products						
Bare copper wire				P.M.		
Installation wire				P.M.		
Paper insulated power cable						
aluminum wire	km	2000	2000	2000	2000	2000
copper wire	**	1000	1000	1000	1000	1000
Plastic insulated aluminum						
wire power cable	**	1000	1000	1000	1000	1000
Sea power cable				P.M.		
Control cable	km	1000	1000	1000	1000	1000
Station cable	**	6000	6000	6000	6000	6000
Telephone cable	**	3000	3000	3000	3000	3000
Long distance cable	**	2000	2000	2000	2000	2000
Railroad communications						
cable for mainlines	**	2100	2100	2100	2100	2100
Bobbin thread	tons	900	900	900	900	900
Other cables				P.M.		
Various supplies, struc-						
tures, semi-finished pro-						
ducts, and raw materials						
Aluminum profile structures				P.M.		
Industrial cables	thous. tons	3	3	3	3	3
Welding rods	**	1	1	1	1	1
Welding wire				P.M.		
Cold rolled steel plates	**	15	15	15	15	15
Stainless steel plates	99	3	3	3	3	3
Specialized hot rolled						
steel	**	15	15	15	15	15
Steel packaging wire	tons	3100	3100	3100	3100	3100

	Unit	1986	1987	1988	1989	1990
Various steel pipes Various metal industry produ	acts			P.M. P.M.		
Viscose fiber	thous. ton	s 10	10	10	10	10
Polyethylene and polypro-	Jiliana of at	70	70	70	70	70
pylene sacks	millions of pi		70	70	70	
Talcum powder	thous. ton	s 3	3	3	3	3
Felt, cloth, filter	thous. ruble	~ 1000	1000	1000	1000	1000
material	thous. ruble	2000	1000 - 2000	1000- 2000	1000- 2000	1000 - 2000
Other raw materials and semi-finished products, including cements, wall-papers, floor coverings, sanitation equipment, polypropylene baling wire, pipe fittings, joint and capping compounds and put-	**	12000-	12000-	12000-	12000-	12000-
ties, and so on.		15000	15000	15000	15000	15000
Chemical Industry Products Compound fertilizers phosphoric acid and		13000	13000	13000	13000	13000
pesticides	thous. rubles	34000	34000	34000	36000	380.0
Titanium dioxide	tons	8000	8000	8000	8000	8000
Silicate pigment	"	2500	2500	2500	2500	2500
Carboxy-methyl cellulose	"	3000	3000	3000	3000	3000
Glues	thous. rubles	1500*)	1500*)	2000*)	2000*)	2000*)
Paints, lacquers, and inks	**	15000-	15000-	15000-	15000-	15000-
		16000	16900	16000	16000	17000
Specialized lubricating oils	tons	15000- 25000	15000- 25000	15000 - 25000	15000 - 25000	15000- 25000
Other chemical industry pro- ducts, including plastics, petro-chemical products, household chemicals, cos-						
metics, preservatives, etc. Medicines, raw materials for	thous. rubles	20000	21000	22000	23000	25000
medicines, medical supplies,						
and vetrinary medicines	thous. rubles	23000	23000	24000	24000	25000
Forest Industry Products						
Viscose cellulose	thous. tons	90-100	90-100	90-100	90-100	90-100
Cord-cellulose			I	P.M.		
Paper cellulose	thous. tons	25	25	25	25	25
Various types of paper	"	400	400	400	400	400
newspaper	**	6	6	6	6	6
printing paper	"	180	180	180	180	180
writing paper	**	67	67	67	67	67
candy wrapping paper	81	8	8	8	8	8
sack paper	"	22	22	22	22	22

		Unit	1986	1987	1988	1989	1990
special quality, in-							
cluding refined paper Various cartons, in-	thous	. tons	117	117	117	117	117
cluding kraft liner			150-	150-	150-	150-	150-
crouring kruit iriner			160	160	160	160	160
Parchment		**	6	6	6	6	6
	lions of	pieces	200-	200-	200-	200-	200-
•			210	210	210	210	210
Cardboard boxes		**	15-20	15-20	15-20	15-20	15-20
Aluminum foil	ton	s	1100	1100	1100	1100	1100
Other paper and card-							
board products	thous.	rubles	15000- 17000	15000- 17000	15000- 17000	15000 - 17000	15000- 17000
Wood fiber and chip board		**	1000	1000	1100	1100	1200
Plywood	thous.	cubic	1000	1000	1100	1100	1200
11) #004	met.		12-14	12-14	12-14	12-14	12-14
Furniture and carpentry							
products	thous.	rubles	15000	15000	16000	16000	16000
Farm Products							
Meat and meat products	thous	. tons	25-30	25-30	25-30	25-30	25-30
Butter		**	6-8	6-8	6-8	6-8	6-8
Whole powdered milk		**	25-30	25-30	25-30	25-30	25-30
Cheese		**	3	3	3	3	3
Eggs mill	ions of	pieces	150-	150-	150-	150	150-
			170	170	170	170	170
Egg mass	to	ns	500	500	500	500	500
Malts					P.M.		
Other farm products and							
products of the food-							
stuffs industry	thous.	rubles		30000-			
			35000	35000	35000	35000	35000
Cultivated animals	thous.	rubles	1500	1500	1500	1500	1500
Minks and fur-bearing							
animals					P.M.		
Consumer Goods	. 1	. 1.1	70000	70000	71000	76000	70000
Ready-made clothing	thous.	rubles	70000	72000 33000	74000 34000	76000	78000 38000
Knitted wear			33000	33000	34000	36000	30000
Socks and lady's		**	2000	2500	2500	4000	5,000
underwear			3000	3500	3500	4000	5000
Fabrics, rugs, and other		**	6000-	6000-	6000-	6000-	6000-
textile products			6000 -	6000 -	6000 -	6000- 10000	6000- 10000
Leather and other foot-			10000	10000	10000	10000	10000
wear as well as leather							
and fur products		**	87000	90000	90000	95000	95000
Printing of advertising			07000	70000	20000	7,5000	75000
materials, printing pro-							
ducts, films, and so on.		er	10000-	10000-	10000-	10000-	10000-
,,,,			12000	12000	12000	12000	12000

Other goods, including filament lamps, illuminators, and electric installation supplies as well as rubber and plastic products, sports supplies, and so on.

thous. rubles 15000- 15000- 15000- 15000- 15000- 20000 20000 20000 20000 20000

Finnish construction services carried out on Soviet terri-

tory thous. rubles 1200000*)

Other deliveries to be arranged between the parties in the commodity exchange schedule Border area trade between Finland and USSR

P.M.

According to agreement of parties concerned

Helsinki Daily Comments

Helsinki HELSINGIN SANOMAT in Finnish 27 Sep 84 p 2

[Editorial: "Growing Trade Will Remain Balanced By Own Means"]

[Text] The long-term planning of Finnish-Soviet trade is valuable for both parties. Therefore, much work is being done on both sides so that trade would grow and become diversified. It is not always easy, but the efforts have produced regular results. Agreement has been reached once again on a five-year general trade agreement at a higher level of exchange than before.

It is predicted that the trade to be conducted in the years 1986-1990 will amount to 28 billion rubles or a full 200 billion markkaa in today's prices. The quotas will, on the average, be increased annually and, in general, will begin from the present level. The value of this achievement is emphasized by the fact that in recent years there have been difficulties in maintaining trade at even the previous level because of Finland's large number of accounts receivable. A balance has been achieved in part by rather exceptional measures and payment arrangements, by which problems have also been postponed.

It is especially gratifying that a balance during the next general agreement will be accomplished by the trade's own means. In any event there will be no artificial changes in the structure of the trade, and no "air" has been added to the quotas. To the contrary, it is expected that trade and cooperative projects will go above and beyond them during the agreement.

Indeed, practical aspects will, of course, require negotiations as the years go by, but, on the other hand, new projects which have not yet even been included in the general agreement will also become ready for accomplishment. They include, for example, construction projects which in past years have

meant much particularly to the the areas of Kainuu and Eastern Finland, which have been suffering from a high unemployment level.

The increasing deliveries of natural gas from the Soviet Union will keep the proportion of energy in total imports large. Imports of machinery and equipment to Finland, which have remained quite modest, will, however, double. This increase is primarily included in production cooperation, which is now written into the agreement for the first time. High-tech exports, which are very valuable to Finnish industry, will also increase substantially within its framework.

Trade with the Soviet Union, which is increasing and is on a stable foundation, means much to Finnish businesses since the world's market fluctuations are large and even surprising. This bilateral trade with the USSR, which is larger than other market economy countries, has, for its part, contributed to the fact that economic balance and growth have remained better here than in many other countries in recent years. Exports to the Soviet Union, which have been made difficult by the large balance of accounts receivable, were offset by a growing demand in the Western markets at an opportune time.

Agriculture and various areas of industry can now be satisfied with the export quotas entered into the agreement for 6 years and with the possibilities of even exceeding them. Imports of raw wood, which will remain relatively large, pleases the forest industry, which is apparently continuing to experience difficulties in obtaining sufficient raw materials from domestic sources.

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CSO: 3617/3

ECONOMIC

BUSINESS LEADER JOSE ANTONIO SEGURADO PROFILED

Madrid ABC in Spanish 17 Sep 84 pp 44-45

[Article by Amancio Fernandez]

Jose Antonio Segurado, 46, is a businessman and business leader. He has been reelected president of the CEIM [Independent Business Confederation of Madrid] three times. With some other businessmen, he was a pioneer in the CEOE nish Confederation of Business Organizations]. He is a direct and sincere man, which has won him many friends and supporters, but also some very strong opponents. He doesn't deny having political aspirations, which he has always subordinated to "what would be best for the CEIM," and to what businessmen in Madrid ask him to do. With his habitual clarity, he analyzes some issues that are always hot topics of discussion: the AES [Economic and Social Agreement] ("We won't back a policy that is not our own"); government ("there is great disparity between what they say and what is done"); unions ("we need a union movement that is more serious and pluralistic"); the opposition ("they are not offering sufficient messages of hope and alternatives"); and CEIM-CEOE relations ("I hope they may be worked out quickly").

Jose Antonio Segurado is not a person who ducks issues, shrinks from giving direct answers, or is afraid to stir up controversy. He expresses himself with a forthrightness that some people think does not fit in with the public nature of the position he holds; as he himself admits, this has caused him some problems. Nonetheless, no matter what misgivings may be aroused, this element of his personality has served as a counterpoint to the tact which many business leaders have had to use during management consolidations. This is language which a good many people in the business community like, and they want to hear it

in order to bolster their position when facing the attacks to which they have been subjected. This has even affected the business organization itself; its president, who is somewhat different from its other members, is one of the strongest critics of the CEOE.

Government: Great Deterioration

Although he is in frequent contact with Alfonso Guerra and he admires the sensitivity of Premier Gonzalez, he does not hesitate to say that the socialist government "cannot, nor does it have the political desire to apply surgery to Spain's economic ills." He adds that "the government is aware that there has been great deterioration." Among the highlights in politics he appreciates "a major advance in the fight against the ETA [Basque Fatherland and Liberty Group], but with the defect of the use of the word 'negotiation.' I think that is a mistake in projec-I also believe that the progress made concerning our membership in the EEC is a positive achievement, although the conditions still have to be worked out." Among this government's weaknesses, "I find an absolute lack of response on the Basque autonomy issue; I don't understand how the state's prosecutor can act at the speed he is, given the military and economic pronouncements that have been issued, and why statements like those made by Garaicoechea do not get an automatic response. teral translation of his remarks to a French journalist constitutes an attack against the Spanish constitution. Another dark point is the excessive arremance displayed by what we might call the lower-level people in the socialist government. I believe this attitude does not reflect the great sensitivity of Felipe Gonzalez and that which Deputy Premier Guerra has shown when assuming the president's duties, to the surprise of many persons, though not to mine. And some of the ministers are also highly capable people." In closing, he noted that "they are not keeping the promise they made to expand individual liberties. promise had offered hope to a great many people." As an example, he cited "the television system, which is illegal."

Opposition: Looking Toward the Future

He says that at this time there is "no other person in the Spanish political scene who can replace Fraga," and that he is the undisputed leader of a good number of Spain's voters, "whose numbers I would not care to quantify." Segurado then continued: "I have a feeling that there is still no coherent opposition offering sufficient messages of hope and alternatives, though I do believe that progress is being made, even if very slowly. In

my opinion, we--Spanish society--are to blame, and very much to blame for this situation. We are very nonsupportive of those of us in politics who are placed in positions of advantage. The opposition should realize they must look toward the future, to-ward a mass of young voters who very probably do not identify strongly with the current leadership, with some exceptions in the Coalition. It is my hope and desire that their actions will improve. Of course, the actions of some people who have proven nothing seem ridiculous to me. I believe that one of the difficulties inherent in Spain's political system is that there are no primary elections. As for the reformist operation, I don't know when it will take place; with the election law in hand, that does seem too bad."

Speaking as a businessman and business leader, he makes a forthright assertion about what businessmen need for business to be economically and socially profitable: "two things: a climate of confidence and some perfectly clear rules. In my opinion, that climate could be created by a number of things, one of which is the fundamental importance of an absolute conviction that the government wants to make use of private initiative, the private sector, as leverage for Spain's development. Secondly, the many suggestions that we businessmen have been making must be transformed into reality. These suggestions are related to cutting the costs that hurt the competitive position of Spanish business: labor costs in their two aspects, salaries and rigidity. This rigidity makes it impossible to adapt staffs to a highly changing market; fiscal costs, which according to reports we have been submitting for some time show that in the past 5 years taxes have grown more rapidly in Spain than in any other country; and financial costs, so much discussed recently. In Spain the vast majority of the businessmen have been paying between 7 and 8 points in real interest for the money they borrow. Let me distinguish three concepts: the preferential rates that are applied to only a few large businesses; the interest rates normally paid; and the real cost of money, which is derived by adding commissions and withholding fees. Thus, the real cost is no less than 20 percent."

"We are not competitive in Spain because we do not have a sufficiently clear framework for our labor relations, and because our social security costs are twice those of our competitors."

"But aside from that, I believe that we do not have clearly established playing rules for the game. I have spoken many times of the great difference between what the president and the vice president say, and what their ministers actually do.

A number of us businessmen attended a meeting with Felipe Gonzalez and Joaquin Almunia, during which we were told that reforming social security is very difficult, but that it is less difficult to do so today than next year, and much less difficult than it will be in 3 years. So why isn't anything getting started?"

According to Segurado, the recent agreement between the Bank of Spain and the financial system came about because of intense government pressures on the Bank. He recalled that 3 years ago the CEIM was a pioneer in speaking out against the fact that financial costs were unbearable for Spanish business. He noted that, "for reasons of delicacy, I am not going to discuss the CEOE-AES controversy, which does seem to exist, because the CEIM has at this time removed itself voluntarily from the leadership organ of the CEOE, and I don't want to introduce a single cause of friction. But I have to be absolutely frank and say that the government bears major responsibility for economic policy, and it is placing enormous pressures on all the social parties. Among these pressures is included the pressure on the Bank of Spain to lower interest rates. The Bank yielded to that pressure, because at that point credit demand was down, and there was also a certain tendency toward a decline, as inflation was slipping slightly and was being brought somewhat under control. As a consequence, even though the real cost stayed up, the apparent cost declined. What surprised the Madrid businessmen? The fact that the government pressure was so strong that the Bank gave in without asking in return that the administration make a commitment to finance its deficit at lower interest rates. I didn't see this commitment as serious on either side, nor was there a commitment to reduce public spending. So now we are facing ferocious pressures from the government, to which the Bank had to yield, without the Bank or anyone else getting anything in return from the government."

The negotiations between the government, employers, and unions on the Economic and Social Agreement entail a challenge which, according to the CEIM leader, could still turn out badly. "I don't believe there is anyone who thinks that after the expectations that have been raised about the AES, there will be anything other than an anticlimax. That is, no one will be able to sign anything presented as if it were a solution. Why? The government, it is clear, is not cutting its spending, nor is it going to control the deficit, nor does it want to reform social security, nor does it want to commit itself to cutting tax pressures, because it can not do so, and because it does not have the political desire to apply surgery to Spain's economic

ills. A good example is the fact that for 15 months there has been talk about the scandalous waste in our public enterprises, and now they are losing even more money then they were before! Don't tell us businessmen—and I am going to repeat the same thing I said to Felipe Gonzalez—that we don't offer any solutions: take 20 or 30 people whom we have in Spain from the real business world, people with lasting successes to their credit. Pay them at market prices and give them an 'armor—plated' contract lasting 3 or 4 years so they could really withstand the pressures from the UGT [General Union of Workers] and CCOO [Workers Commissions]. They could put Spain's public enterprises on a course totally different from their present one."

AES: It Could Turn Out Badly

Under the present circumstances, he doesn't consider the AES possible. "With this in mind, we are saying to the country, and being absolutely realistic, that no business leader is going to be inclined to back a policy that is not ours. Someone might sign a paper on salary ranges, contribution rates for social security, with one or two modalities for temporary jobs: that might be done to ensure tranquility. But an economic and social agreement is something totally different; it is the assumption of a change in policy that is really not going to happen. I insist on distinguishing between such a major agreement and other lesser commitments, such as on a salary range. And I would be extremely careful about the limits of that salary range this year, in our present poor economic circumstances. For while including all slippages, I would like it to coincide with the expected rate of inflation, and it would be very wise to do so. That is my personal view, but I am also speaking as president of the CEIM. okay for a little agreement that isn't really worth the paper it's written on, but signing blank checks for an economic policy that isn't even ours, absolutely not."

The businessmen's alternative that Jose Antonio Segurado is proposing to deal with this situation is a repetition of what he has said many times before: "We in the business community have to be humble enough to accept the fact that it is the job of government to govern, and it is the opposition's responsibility to offer alternatives. I believe it is the duty of a business leader to persuade whatever government leaders are in power to introduce needed modifications in order to create jobs. So far, we have failed miserably in this effort of persuasion, even though there have been some important efforts made at teaching and penetration in some areas of government. Today, some quite well known socialists are saying that it is necessary to stimulate private initiative and support businesses. What we

need now is for such things to become a reality. I don't believe in public investment, and we are now moving toward a growing involvement of the public sector in all areas. That is a serious underlying problem. My opinion 2 years ago was that with its immense political power, the PSOE [Spanish Socialist Workers Party] was going to undertake the structural reforms that Spain needs in areas such as civil service, social security, government spending, and public enterprise. Today, though, little has been done. As a business leader, I can help to create a climate of confidence, but the tragedy is that they ignore us. In this situation we are creating a very dangerous economic movement that I want to oppose. Anyone with a business that is still working well--and there are some--when it starts to have problems will be tempted to sell out and invest in government bonds, because there is no business that can earn a 14 percent return, with the state's guarantee behind it. And that is a very serious problem."

Businessmen and Politics

In his view, "Spain will be stronger when the best of the socialists meet up with the best people in the liberal-conservative spectrum," and when the presence of businessmen in active politics is not discouraged. "I want to distinguish three situations: one in which a businessman, working in his own company, legitimately decides to enter political life. I think that in Spain we have a shortage of political vocations, and anyone who has such an interest should pursue it. Secondly, there are those of us who hold positions whose responsibilities we understood when we accepted those positions. I couldn't actively take part in politics if my organization didn't want me to, because I have a moral and ethical responsibility that went along with my election. But they could ask me to engage in politics when I left office. Then I would weigh the pros and cons, and everything would depend on what might be best for the CEIM. won't conceal the fact that this would be an issue on which it would be hard to reach unanimity, for there are some people who feel it necessary for me to remain as president, and others who think that the time has come to make a greater effort, and that effort demands that those people they believe could be of use-and there is a large group--should be asked to play an active part in politics. And finally, there are people who have been in business and who have also held responsibilities in national or provincial business organizations. At the end of their term in office they may legitimately decide to enter political life. But I believe that at that time, they represent only themselves."

CEIM-CEOE: Taking the First Step

Relations between the CEIM and CEOE have opened up a controversy that has gone beyond its proper limits. "Everyone knows that the CEIM is not part of the governing organs of the CEOE, and that my relations with Jose Maria Cuevas are absolutely normal. The CEIM has already on several occasions taken a first step, and we have clearly stated our desire to return to these governing organs. I want that to happen as soon as possible. I will not conceal the fact that there is a large part of the CEIM that thinks that what we pay to the CEOE is too high a price for what we get in return. That is an idea I don't want to accept. is a matter of solidarity. I hope that this situation between the CEOE and CEIM can be worked out, though, as they have been separated for several months, a feeling has arisen that the two organizations don't need each other. It is no secret that among the people who embody their philosophies of action, there are differences in background, education, and position in the business world. Because of these differences, it is very hard to keep minor tensions from appearing."

Unionism: Richer and More Serious

The Spanish union movement seems to him very weak, "perhaps because the unions are the social group that has most damaged the political transition. I think they have made little headway in their consolidation. I see some leaders still rooted in arguments left over from the 19th century, and other topnotch people with whom it is easy to talk. I also believe that the unions made a mistake in not having devoted more time to putting their financial independence on a sound basis. They are too dependent on government budgets, and to me that seems a very serious mistake."

"For the good of Spain, I would like the unions to become stronger, to increase their membership, to consolidate their efforts to unionize cadres and independent workers. It would be good to have a much richer and more serious union movement, and not to be limited to just one pair of unions and another in an autonomous community."

7679

CSO: 3548/350

ECONOMIC

DOGAN ON ISTANBUL POTENTIAL AS BANKING MECCA

Istanbul CUMHURIYET in Turkish 25 Sep 84 p 9

[Article by Yalcin Dogan in the column "Comment": "To Move Beirut to Istanbul!"]

[Text] Can one city be moved to another city? Can you pick up a city and take it to another city? What part of a city would you take, what would you leave in its place? Would what you take be limited by the cost of transportation, or is there another burden in moving? If so, who will bear this burden? These are minor details. The important question remains: Can one city be moved to another city?

Yes, it can.

One city can be transported to another city with its culture, its traditions, its people, its mores, its life style and even its national and international centers. Indeed, this "moving syndrome," as it were, is a live question in the attempt in recent months to move one city to another. International entities want to move Beirut, with its political and economic power centers intact, to Istanbul. They want to gather up Beirut and bring it to Istanbul. They want to make Istanbul into Beirut!

How will this happen? It is very simple. Why will this happen? That, too, is very simple. First, why? Don't you see, they are thinking of the bombs exploding every day in Beirut, the hundreds of people killed every day, the culture, history and traditions being wiped out every day and, in this connection, the investments of multinational corporations, the bank branches, the money in the banks, the offices of hundreds of foreign firms, the men who staff those offices, the lust of those men, the ability to keep those men informed and the policies and purposes of the nations from which those men come? Don't you see how they are being leveled one by one every day? In that case, the solution is: Move Beirut. Where? To Istanbul. How? All those centers, all those men, all their gambling tables, drinking habits, methods of making money and colonizing acrobatics, take them all and bring them to Istanbul.

The West once loved Beirut "like mad." Loved it as the capital of the Middle East. And, as the gateway to the Middle East, it thrived. It grew with its commercial centers, its brothels, its gambling houses, its banks, its billion-dollar investments. But Beirut is no longer Beirut. Another gateway to the Middle East is needed. A city is needed to get political stability in hand, to assume the task of bridge between East and West, where the ways of the Western capitals are

instantaneously understood, which feels in its heart of hearts that these ways are the right ways and marches instantaneously in the direction pointed out to it. A gateway to the Middle East is needed that Middle Easterners trust. Middle Easterners need to pass through the gate easily. Westerners need to pass through the gate without their hearts in their throats. Beyond the gate, Middle Easterners need to share the same tables "to their heart's desire" with Westerners. Beyond the gate, Middle Easterners need to deal with Westerners without the slightest discomfort.

So, for these reasons, multinational corporations and banks, as well as certain countries, want to move Beirut to Istanbul. Now they want to give Istanbul the "gateway job" Beirut has held for so long.

They want a free zone in Istanbul. They want to modernize its communications and transportation. They want big new buildings. They want homes with a "view of the sea." They want to "execute" relations with the Middle East in Istanbul.

Indeed, the number of foreigners wishing to establish banks in Turkey has grown so much in recent months for this reason. France Credit Lyonnais for instance, Kuwait Prince House for instance, Faisal Islamic Bank for instance, Al Braca Group for instance, First National Bank of Boston for instance, First National of Chicago for instance; they all want to open a branch in Istanbul. They know that branches of multinational corporations follow where the banks go.

What will happen when Beirut is moved to Istanbul? Well, you've seen the movies. Frantic activity; buying and selling; elements of both worlds, the legitimate and the underworld, all engaged at once in the struggle for men's souls; Cadillacs and Rolls Royces coming and going; planes landing, planes taking off; a business tempo to make your head swim and people, people and more people...of all colors and every description.

Now we have a better understanding, haven't we, of why the ruling party in particular was so critical of the Populist Party deputies who went to Israel and why it is so "generous" with news in this regard?

8349

CSO: 3554/4

ECONOMIC

BALANCE OF PAYMENTS DEFICIT DROP APPEARS 'TEMPORARY'

Istanbul DUNYA in Turkish 25 Sep 84 pp 1, 7

[Text] Ankara (DUNYA) - At the percentages realized in the first 6 months of this year, the balance of payments deficit registered a decrease at the rate of 56.2 percent compared to the same period last year. However, with the approach of keeping economic growth quite low in the programs of the Fifth 5-Year Development Plan that starts with 1985, it seems highly likely that the relative correction in the balance of payments will be "temporary."

While the failure to make parallel corrections for the need for economic growth in the anti-inflationary money policies will sever the necessary linear relationship between the balance of foreign payments and production growth, being faced with both the "government bent" revealed in the budget preparations for fiscal year 1985 and the higher principal and interest payments on foreign loans starting next year makes any "lasting" improvement in the balance of payments appear impossible.

First 6 Months

The positive development in the balance of foreign trade is seen as the fundamental factor in the relative decline of the foreign payments deficit in the first 6 months of 1984. According to the figures, the balance of payments deficit in the first 6 months of the year was down by 56.2 percent compared to the same period last year.

The balance of payments which had a deficit of \$958.2 million in the period covering January through June last year was \$419.7 million in the same period of this year.

The balance of foreign trade deficit in the January-June period of 1984 declined 26.9 percent. Total exports which stood at \$2,673.9 million in the first 6 months of last year rose 32 percent to \$3,529.3 million in the same period this year, while total imports were \$4,450.4 million in the first half of last year and rose by 8.4 percent in the same period this year to \$4,827.7 million. Thus the deficit in the balance of foreign trade, which was \$1,776.5 million in the first half of last year, declined 26.9 percent in the same period this year to \$1,298.4 million.

Payments of interest on foreign loans, categorized under exchange of services, in the first half of the year, rose 162.4 percent over the same period last year. Interest payments on foreign loans amounted to \$602.4 million in the January-June period last year, while this figure rose to \$764.7 million in the same period this year.

Tourism and foreign travel outlays dropped significantly compared to last year. In the first 6 months of last year, tourism and foreign travel expenditures were \$109.8 million, but declined to the level of \$68 million in the equivalent period this year.

Capital Movements

Development in excess of 250 percent over the previous year was traced in capital movements in the January-June period of 1984. Foreign loan payments on principal in this period rose 35.1 percent from \$453 million to \$612.2 million. Input of private foreign capital of \$35.8 million in the first half of last year was \$43.8 million. Thus, the balance of capital activity, at \$185.7 million in the first 6 months of last year, rose 252.8 percent to \$655.3 million in the same period of 1984.

The basic trend emerging in the first 6 months shows that the relative correction in the balance of payments was based in the medium term on income derived from exports and foreign aid. In contrast, the form being considered for public resources in fiscal year 1985 is not growth-oriented, but, in fact, in the 1985 budget preparations now in progress at the Ministry of Finance and Customs, the initial 5.2 trillion liras projected by technicians has been nixed by Prime Minister Turgut Ozal. The government's approach was cited as a bent towards reducing the size of the budget to 4.8 trillion liras.

Nothing different from the measures applied to date is expected in the Ozal government's anti-inflationary money policies for 1985 and beyond. According to information obtained, the government is "contemplating making only one small step visa-vis the need for economic growth" in the period ahead. The basic approach expected to dominate the 1985 annual program is summed up as "instead of real increases in production and investments, continuing to cut consumption by a high price policy and, rather than creating new capacity in the industrial sector, bringing existing latent capacity on line gradually." So while it is hoped that export-based foreign exchange revenues will increase, the attempt will also be made to maintain balance by attracting foreign assistance to Turkey, especially "in the form of private foreign capital."

Foreign Factors

Among the factors hampering medium-term relief for the balance of payments deficit may be added the new directions taken by certain foreign relations. The future attitudes of the United States and the International Monetary Fund, the World Bank and similar financial institutions controlled by that country which have traditionally held positions on Turkey's payments balance sheet are among the elements demanding attention.

Turkey's balance of payments deficit has always been covered by IMF credits, use of special drawing rights, short-term capital movements and other international institutions. No change of note is seen in this structure except the effect of the relative increase in exports after 24 January 1980 and of the "better than before" extra borrowing.

In this framework, there is an inexhorable demand for attention at the political level to new dimensions which may occur in Turkey's relations with the United States and to the impact of international financial relations.

8349

cso: 3554/5

ECONOMIC

ANALYSIS OF FAVORABLE IMF VIEW OF OZAL POLICY

Istanbul TERCUMAN in Turkish 25 Sep 84 p 10

[Article by Yilmaz Karakoyunlu: "What's Happening at IMF"]

[Text] The new problem encountered by the IMF general assembly is to find a solution for the new, seemingly insoluble difficulties created by the trouble member nations are finding themselves in. For a long time now, the measures that the IMF wishes to take aimed at solving debt postponement requests without creating new problems have not seemed to work. Faced by the measures it has attempted to institute upon discovery that debt postponements are exceeding "routine" bounds, what will Turkey's status be?

It is certain that Turkey will get its share of the specified reductions in TMF credit limits. However, government authorities have been led to believe that the cut will not be significant for Turkey. Kaya Erdem, Turkey's representative at the general assembly, said in a statement that he was confident of this. Doubtless, anxiety that interest rates will have a negative effect on the economies of loan-receiving nations has been a topic of concern for Turkey. However, the return of this item to the agenda in April 1985 is resulting in caution for the present, reserving adoption of a position depending on developments.

Kaya Erdem will make the necessary contacts as regards the expedience and effectiveness of the economic policy in practice and will undertake defense of the Ozal policy. Meanwhile, it is true the IMF has "expressed agreement" with Ozal's economic policy. The Evaluation Report prepared for the general assembly makes it clear that the policy being applied, except for the stutter in the inflation rate, is consistent with IMF policy and standards. In the acceptance of the policy as appropriate for meeting the liquidity requirements of the economy, it may be accepted also that the IMF's relations with Turkey will be kept on the even keel desired. In fact, since it agrees that it is impossible for the Ozal government's policy to produce results quickly, the IMF confirmed through its experts who prepared the Evaluation Report that it will wait for the required passage of time. According to these appraisals, the IMF is now waiting for inflation to decline. In fact, the people as well as foreign institutions are waiting for inflation to go down.

The tight money policy which the Ozal government is applying to bring inflation down will have a two-sided advantage. First, inflation has been widely debated in assessments of the domestic economy and the Ozal government has clearly seen the need to stop it and is trying to take measures to do so. Second, it is necessary to check inflation for the policy, which has general approval, to bring improvement and development of relations with the IMF. The success of June and July entered the controversy again with the announcement of August results. They do not yet, however, bear out government predictions about going into 1985 with a reasonable level of inflation. Hopes are pinned on 1985.

Another important point in the IMF's liking of the Ozal policy has to do with the envisaged foreign capital policy. A new law has been drawn up, putting truly liberal rules and incentives on a legal basis. For this to be successful, it is necessary, in addition to getting the law passed, that the IMF's optimistic appraisals prove true. It may be expected also that foreign capital inputs will increase in the economic climate brought about in the interim by these two factors.

8349

CSO: 3554/5

ECONOMIC

PERMISSION TO STRIKE GRANTED DOK GEMI-IS

Parameters of Strike Reported

Istanbul CUMHURIYET in Turkish 25 Sep 84 pp 1, 8

[Text] LABOR-UNION SERVICE - The Istanbul Martial Law Command has permitted a strike by a total of 53 workers, members of TURK-IS [Turkish Confederation of Labor]-affiliate DOK GEMI IS [Turkish Harbor, Dock and Ship Industry Workers Union], at the Desan and Yildirim Shipyards.

The command's Office of Legal Counsel letter no 984/1453-1869, dated 24 September 1984, which arrived at union headquarters yesterday reads: "Permission has been granted by our Command for the DOK GEMI IS union to strike at the Desan Shipyard and the Yildirim Shipyard. We request that the necessary measures be taken to ensure that this strike is conducted in compliance with the law and that care be exercised in permitting no violation of the law to occur."

The "strike go-ahead" adopted by a unanimous vote of the DOK GEMI IS Executive Board at its meeting yesterday was conveyed to employers through notary public channels the same day. Under Law 2822, the strike may commence at the earliest at the conclusion of the legal waiting period of 6 business days. Union President Nazim Tur pointed out that they would be able to go out on 2 October and said, "The Martial Law Command's permit is proof of our Army's trust in the Turkish worker."

Collective contract negotiations started at the Desan and Yildirim Shipyards on 18 June and ended in disagreement after the legal 2-month period. No compromise was reached after the appointment of official arbitration, and workers at Desan walked off the job en masse on 21 August after failing to be paid 5 months' back wages and certain benefits.

The number of workers dropped from 90 to 17 as those unable to get their wages quit. The DOK GEMI IS executive board met on 14 September and adopted unanimously the first strike decision since 12 September [1980] for the Desan Shipyard, adopting the second several days later for Yildirim Shipyard. The union went to the Istanbul Martial Law Command on 18 September with a request to strike at both shipyards.

The first strike decision in the new era stirred wide public reaction as many union leaders, led by TURK-IS President Sevket Yilmaz, announced their support for the decision and opposition party officials indicated that they "welcomed" it.

In his announcement following arrival of the strike permit at union headquarters, DOK GEMI IS President Nazim Tur criticized the new laws governing labor life, saying, "I see the right to strike as a lion turned pussy cat, with all its teeth pulled and its claws removed. If this is the case, the lion is going to assert itself. I believe we will succeed."

There are presently 17 workers at Desan Shipyard and 36 at Yildirim Shipyard.

Management

Cemal Yildirim, chairman of the board of directors of Yildirim Ship Building Industry, Inc, said they had made a great effort to reach agreement in the collective contract negotiations, but had been met with impossible demands. "Strikes occur in democratic countries. This is quite normal. Workers have the right to strike. They can exercise their rights. We do not intend to go to a lockout. It would have been much better if compromise could have been reached without the need to strike. But that did not happen. If there is a strike, we will do everything we can to find a basis for agreement," he said.

Cemal Assesses Strike's Significance

Istanbul CUMHURIYET in Turkish 25 Sep 84 pp 1, 8

[Article by Hasan Cemal: "First Strike in 4 Years"; passages enclosed in slant-lines printed in italics]

[Text] The TURK-IS union DOK GEMI IS has adopted the first strike decision since 12 September. The strike, on behalf of a total of 53 workers at two shipyards, is expected to begin the first of next month with the permission of the Istanbul Martial Law Command.

The first strike in 4 years may be approached from different angles, its nature may be controversial. The important thing, however, is that a strike decision should have been adopted for the first time in a long interval and that the way should have been made clear for it to take place. Symbolic though it may be, this in itself may be deemed a positive development.

The chairman of the board of one of the shipyards responded to the strike decision by saying, "Strikes occur in democratic countries. The worker has the right to strike. They may exercise their rights. We do not intend to go to a lockout. It would have been much better if compromise could have been reached without the need to strike."

This announcement made by the management side may be accepted, too, as a sign of a /positive/ beginning.

Ture: The /right to strike/ is among the most fundamental rights in democracies. That workers, unable to insist upon their rights individually vis-a-vis management, have the right to organize in unions, to collective bargaining and to strike is a defining principle of democracies. To the degree that these rights may be exercised freely, and, of course, responsibly, social balance is able to be established. And without the establishment of these balances, the viability of democratic regimes is impossible.

If one is to approach the right to strike in Turkey from the standpoint of the implications it carries in Western democracies, unfortunately, the picture is not so bright.

As a matter of fact, in the statement made by the president of DOK GEMI IS following arrival at union headquarters of the martial law strike permit yesterday, he criticized the laws governing labor life and compared "the right to strike to a lion with all his teeth pulled and his claws removed."

In fact, Laws 2821 and 2822 governing unions, collective contracts, strikes and lockouts on the one hand and the broad powers granted to governors in the laws on associations, states of emergency, rallies and demonstrations and martial law on the other have put labor life in a straight-jacket. According to some, the rights of unionization, collective bargaining and the strike have virtually gone through the mill.

This is not the only negative aspect for labor going into the new era of collective bargaining. There is another dimension in the practices of the Supreme Arbitration Council during the 12 September period.

To wit: According to TURK-IS research, the Supreme Arbitration Council opened the way to 50-percent erosion of real wages. Moreover, many of the pro-worker rights gained prior to 12 September have been carefully culled by the Supreme Arbitration Council over the past 4 years.

Thus, the unions have had to sit at the negotiation table in the new era both having lost previously-won rights and with severely limited powers. In addition to all this, they have also had to face /principles/ defined by the Turkish Confederation of Employer Unions, the Public Coordination Council and the Supreme Arbitration Council. It may be said that all of these are principles not all that consistent with freedom of collective bargaining.

Let us never lose sight of the fact that: For 4 years, there were no unions, there were no strikes; what there was, was inflation still unable to be checked and an economy still unsettled. The unfairness of income distribution had grown worse by the month and polarization of various segments of society had become dreadful.

If we want democracy, we have to take a more serious interest in income distribution, unemployment and workers' real wages. A /don't worry/ response to these matters will backfire after a while. One unionist who has been active since the 1950's has found it possible to say recently:

"The living conditions and the working conditions of the worker have regressed so badly with every new contract that some day we are not going to settle for booing at the congresses."

Democracy is a regime of balances. If the social balances are not observed and are not established, democracy is just so much empty talk.

Let us not forget.

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ENERGY

COMPUTER MODEL ON ENERGY USE, NEEDS UNTIL 2005

Vienna PROFIL in German 3 Sep 84 pp 24-30

[Article by Liselotte Palme: "Steger's New Toy"]

[Text] Until today the energy policy makers did not know what they should do. This will be changed, thanks to "Markal," a computer model.

When Norbert Steger guides his energy concept through the bureaucracy in October, he will proudly present a new planning instrument that could put energy policy on a new footing: "Markal" is what it is called, and it is a computer model for the entire Austrian energy economy that does everything.

For "Energy Concept '84," which is finally supposed to bring system into the day-by-day pragmatism of energy policy, it has done good preliminary work and brought exciting new knowledge:

- that it -- seen over two decades -- will scarcely cost more if we restructure our total energy system in an "environmental friendly" and "less import dependent" direction, as long as we follow the economic criteria of Markal,
- that in all probability we do not need any more caloric power plants in Austria if we want to minimize the costs of the total system. If Markal is followed, the energy economy will probably have to give up its plans in this direction,
- that three nuclear power plants, as they were originally provided for in the Austro-Basic-Plan, would not only have been political, but also economic madness,
- that on the other hand the Greens will have to forget their dream of a future Austria as a country of many small, decentralized heating plants, even in a scenario of conservation consciousness for the environment and for energy,
- that the energy economy will for the present be taken out of the firing line as the environmental superscapegoat (because of sulphur dioxide), while the nitric oxide problem of our roads seems almost unsolvable at present.

And so forth.

At first glance, Markal is an incomprehensible monster. In it everything that makes up the Austrian energy economy is neatly stored: from logs to Polish coal, from the refinery to electrochemistry, from steam sterilizers to fluidized bed coal power plants, from the mineral oil trade to the one-to-one model of an nuclear power plant.

Markal knows the prices of oil, electricity, and gas, and is familiar with the costs of all types of energy technology, power plant types or refineries, electromotors or oil burners.

For Steger, the thing that makes Markal so valuable is the fact that it can "optimize."

Energy experts have developed price scenarios up to the year 2005 (Markal's time horizon). Economic researchers have calculated how the demand of the Austrians for energy services (heat, light, power, etc.) will probably develop in the next 20 years. The politicians can decide under which conditions this energy will be provided to the Austrians: for example, with or without nuclear power, with or without environmental pollution by all kinds of harmful materials, with unchanged dependence on imports or greater energy-economic autonomy, with more or less defacing of the landscape by large water power plants.

Now the politicians can ask Markal how -- under these desired conditions -- the energy system can be established in the economically most optimal manner.

"Economically optimal" means "with the lowest possible costs."

When the politician asks in this way, Markal spits the answer out, telling which technologies and to what extent they should be used in the individual energy areas. Its answer is the cost-optimal solution to the policy problem.

A useful toy for Norbert Steger, even with all the objections to computer models, which certainly cannot be decision-making machines in energy policy, either. And even with all the problems that arise from the fact that in the Austrian energy system constant changes cannot be made between lower Austrian water power plants and Styrian coal power plants, between traditional energy-economic projects and industrial power-heat installations. Austria's energy system cannot be thoroughly planned; it is a playing field of many small monopolies, and therefore rigid. And still: Markal delivers completely new decision-making assistance.

On the argumentation base of Markal, the politicians can make an objective bridge between "greening" and "paving" to the extent that it can be measured. The problem of harmful emmissions can be discussed in the future much better than before. Nonmeasurable questions such as the problem of landscape destruction naturally cannot be solved by a computer model. When one gives Markal a scenario with the condition "without Hainburg," it optimizes the system with this proviso.

Joern Kaniak, expert in the Viennese Energy Evaluation Agency (EVA), catapulted the model, which has already been tested internationally in all possible areas, into the decision center of Austrian energy policy. Erwin Poenitz, previously with IASA, now also an EVA man, brought in expert knowledge of the model, and in Section Leader Bruno Zluwa of the Trade Ministry and Secretary of State Erich Schmidt one found supporters of the new path in energy policy. Steger and his advisors went along.

They were able to win all branches of the energy economy. Therefore price predictions and technology descriptions as well as cost estimates are on a coordinate data base. No individual energy-economic group can come and dispute the new instrument on the basis of the data base. The scenarios that have now been clarified with Markal for Energy Concept 84 have been agreed upon in social partnership as being "in the politically realistic ballpark."

Five scenarios rattled through the computer in the past months to deliver decision-making bases for the energy concept. All five scenarios were calculated under two assumptions about the future development of prices and demand for energy services up to the year 2005, whereby one defined the variant of weak demand development in such a way that the demand in 20 years is absolutely somewhat less than today, and the variant of "strong demand development" is described as a rise of demand by 2005 of 20 percent.

The five scenarios were defined by the differing combination of conditions, whereby a definitely environmentally hostile growth scenario on the one hand and a definitely environmentally friendly and green growth scenario on the other hand formed the pillars of the five variations. The scenarios were differentiated by various extension concepts in water power (from unlimited extension over the program of energy economy, which provides for an 80 percent extension of all economically useful water power, all the way to a variation of 30 percent reduction in relation to the energy economy program). They were further differentiated by various nuclear assumptions (no to nuclear, only Zwentendorf, the installation of three nuclear power plants), and further by differing environmental assumption (defined by various acceptance values of harmful traffic emmissions, of power plants, of industry and small consumers. In the most environmentally friendly case, the nitric oxide is to be reduced by 40 percent by 1995, the sulphuric oxide by 80 percent, carbon monoxide by 45 percent, unburned carbon-hydrogen combinations in traffic by 39 percent, and emmission pollution by 50 percent). And finally the five scenarios are differentiated in the amount of imports of the Austrian energy economy (starting with the unlimited admission of imports all the way to the acceptance in the year 2005 of a 30 percent reduction of energy imports in relation to the present value)

Reformulated in "Model Play," therefore, a politician could ask, for example, "What must the energy system look like if so much is to be saved that I will reach an import goal of minus 30 percent in 20 years?" The model then spits out an exactly quantified combination of technologies as the economically optimal solution.

The Markal results that apply equally to all scenarios are interesting:

- In the worst case, Austria will need eight percent more primary energy in the next 20 years (that is, raw energy produced domestically or imported) than today, possibly even just as much or somewhat less than today (lower demand variant). At any rate, oil's share will continue to sink, coal will rise, because one is supposed to enter strongly in a reasonable way into a highly interesting and environmentally friendly new technology, the so-called "fluidized bed technology."
- The following result is fascinating: If one invests strongly in environmentally friendly, more efficient, and autonomy-promoting technologies, then finally, over a twenty-year period, the total costs of the system will scarcely be higher than if one does nothing here. (The model of course seeks the cost minimum under the green scenario conditions as well and therefore shows concretely how such an economical and environmentally friendly energy policy would look). In other words, the original capital investment necessary for such a structural change would finally, according to Markal, "balance" very well.
- The age of new caloric power plants of the energy economy is past. The reason: Markal has discovered that the power-heat-connection in the combination of energy economy power plants plus long-distance heating of houses must, under economic criteria, at most be double the present very low value, but that another form of power-heat-connection will certainly arrive: Namely the powerheat-machines of industry, which will extract cost favorable "process heat" from them. (Process heat is, for example, the steam that the food industry uses for sterilization). The hit of these machines is the coal-fluidized bedtechnology, in which the paper industry has already entered to some extent. Markal argues on the basis of minimizing costs for the construction of hundreds of megawatts of energy capacity in the form of such industrial machines, enough to cover in practice the total predicted increase rate in electricity consumption (according to Markal, about two percent per year in the long run). If industry moves in here so massively -- something the government will probably strongly encourage -- then industry will completely replace the caloric power plant construction in the energy economy.

Industry builds these machines not because of the electricity that they would in part deliver to the Austrian network, but because of the cheap process heat.

If the development does actually go in this direction, the energy economy will have to put its relationship to industry on a completely new basis: At present, the energy economy is proud that the electrical production part of industry from caloric plants is continually declining. It punishes everyone who produces electricity himself with the argument of high "performance preparation costs," saying that the residual electricity that the self-producer draws from the official netwark, will be astronomically expensive. Exactly the opposite would be necessary in the future.

- Nuclear power plants: At any rate, Zwentendorf is economic for the Austrian economy, also according to Markal, no matter which deconservation costs and what duration are assumed. On the other hand, the fact that three nuclear power plants would be economic humbug is seen in the nature of Austria as a water power country: In the summer the rivers deliver so much electricity that we would have gigantic excesses if there were also electricity coming from three power plants as well. Such excesses could only be exported, but summer excess electricity only produces small export prices, as even the Swiss nuclear power companies that themselves deal in summer excess electricity admit. The alternative would be that the nuclear power plants throughout the year would not work at 80 percent, but at a much lower percent of their capacity. But working at a lower capacity causes the loss of every economic advantage of nuclear power: It then costs perhaps even more per kilowatt hour than coal electricity.

According to Markal, Zwentendorf itself creates a problem: If simultaneously with the Zwentendorf operation the caloric power plants that operate with Austrian brown coal are working at full capacity, we will also create an excess of electricity. As cost-unfavorable caloric power plants the brown coal installations would to be sure fall out of the system with Zwentendorf in operation, but this is politically unrealistic, because on them the jobs of miners in the brown coal mines are dependent. Then again there is the alternative: temporary production of excess electricity, temporary low capacity operation of Zwentendorf, or unemployment among miners.

At times Zwentendorf would also exert "pressure" on the coal power plants, and this would have the unpleasant side effect that the energy economy would have to sell part of its Polish coal again.

Interesting in this connection is a (non-Markal) comparison calculation between the pure operational (not investment) costs of a coal and a nuclear power plant: for every 4,000 gigawatt hours of production there is a cost difference of about a half a billion schilling per year, in favor of the nuclear plant. At 100 billion total costs of the total Austrian energy economy system a comparatively small difference. But still: in addition to the already paid investment sum to add about a half a billion schilling in operational costs -- compared to Zwentendorf -- would perhaps make many Austrians think that a no to nuclear plants would not be worth it. But hardly anyone knows of this calculation.

- Energy saving as an energy source: Markal shows that the outside wall insulation of buildings is highly overrated nationwide in its economy. Such measures can only save (from economic points of view) 20 or 30 betajoules of a total 180 betajoules in the heated space area, while the additional improvement of the effectiveness of heating equipment could bring, according to Markal, 60 betajoule.
- The sulphur dioxide emmissions that the old caloric power plants throw out will be reduced by 1990 (over the values for 1980) almost by themselves by 50 to 75 percent. This is simply because the energy economy will have

retired the old power plants by that time. By 1995 the conditions of the "environmental scenario" (namely the reduction of SO₂ by 80 percent) will be easy to reach. From this point of view, therefore, the construction of block heating plants in place of caloric installations of the energy economy is not necessary at all. According to Markal, block heating plants will not be used as additional production capacity if the (more cost-favorable) powerheat-installations of industry cover the additional requirement for electricity of about two percent per year.

A great problem arises with the emission of nitric oxide, which in Austria comes 71 percent from traffic and only 10 percent from the caloric power plants. (In Germany only about 50 percent from traffic and up to 35 percent from power plants. Austria is a water power country, the FRG a country of caloric power plants.) In Austria, the emission of nitric oxide can easily be reduced by half by 1995. In traffic, however, one will then not be able to satisfy the demands of the environmental scenario (minus 40 percent by 1995) if the catalytic converter is introduced in 1987.

There remains only the electric car, the pushing through of which does not seem so absurd from this point of view.

At any rate, Markal knows no other solution.

It will be interesting in fall when the government decides which of the Markal scenarios will bring them to the energy policy goal. Insiders think it will decide at any rate for a strictly environmentally friendly, more efficient variant.

And according to Markal, Zwentendorf is still from a policy point of view still open. Even if it is de facto already dead.

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ENERGY

OIL DIRECTORATE REPORT: STATOIL SPREAD TOO THIN TO ADD TASKS

Oslo ARBEIDERBLADET in Norwegian 15 Sep 84 p 7

[Text] Stavanger (NTB) [NORSK TELEGRAMBYRA]: It could be difficult for Statoil to take over operational responsibility for the Statfjord field in a period when the company is confronted with large tasks in other fields in the North Sea. This is according to a report from the Oil Directorate which has been sent to the Ministry of Oil and Energy, and which on Friday was made available to the public.

The report constitutes a balanced assessment of the questions of capacity, efficiency and security which have arisen in connection with Statoil taking over operational responsibility from Mobil for the Statfjord field, Norway's largest and most important individual source of income.

The Oil Directorate pointed out that during the period until 1987-88 Statoil will presumably be the operator for the expansion of Gullfaks Phase I, Sleipner, Tommeliten, Statpipe, the Karsto installations, the expansion of the Mongstad refinery, expansion of the terminal at Mongstad, in addition to which the company will prepare new projects such as Troll, Gullfaks Phase II, Askeladd and Tyrihans. If Statoil also takes over operational responsibility for the Statfjord field, that means that the company will get two more pioneer projects, namely the Alfa and Beta structures.

Statoil Has Too Little Capacity?

"Under the foregoing circumstances, the Oil Directorate believes that an eventual takeover of operational responsibility for the Statfjord field can represent a danger that Statoil will not have the capacity to take care of all the other current and future tasks on the Norwegian shelf in a completely satisfactory manner," wrote the Oil Directorate.

Negative for Operations

"It can not be excluded that a transfer will have a certain negative effect on the operating regularity of the Statfjord field, and that this decline could be of several percent," pointed out the Directorate, which also illustrated the effect: 84 hours extra shutdown of production per year could lead to a loss of production of one percent, or to a production loss and thereby income delay of about 10 years. Each percent will lead to a reduction in current value of production of about 3/4 of a billion kroner. Assuming active participation of Mobil, however, means that the total production will not be appreciably affected.

Fewer Operating Personnel

A change of operators could have a negative effect on the number of operating personnel if it leads to Mobil directly or indirectly having fewer tasks. That could result in a reduction of the supply of such personnel, the Oil Directorate pointed out. Statoil plans to use Statfjord for development of key personnel on the operations side, and indicates that Statfjord can cover 25 percent of the company's need for recruitment in the first half of the 1990's. That is about 100 people per year. Mobil claims, however, that starting in 1985 the company as operator will have a training capacity on Statfjord of 200 people per year.

A change of operators can lead to short term instability and reduced training capacity. But also, with Mobil as operator, Statoil can use Statfjord as a training field, provided that the companies cooperate.

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